United Nations

Financial report and audited financial statements

for the year ended 31 December 2023

and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Seventy-ninth 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 2024 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 2023, 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 24 July 2024 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 2023.

(*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 2023 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 2023, 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 2023, 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*) Dorothy **Pérez Gutiérrez**
Acting Comptroller General of the Republic of Chile

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

24 July 2024

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 2023. 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 from February to May 2024.

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 2023 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 under this volume as at 31 December 2023 remains sound except for the weakened liquidity for the regular budget and related funds. Approximately 99 per cent of the regular budget was used in 2023, leaving an underexpenditure of approximately $26.09 million. The Administration needs to continue to strengthen core business processes in budget, finance, assets 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 2023 amounted to $7.59 billion, a slight increase from $7.35 billion in 2022, which was due mainly to an increase of $0.15 billion in assessed contributions and $0.25 billion in investment revenue. With regard to expenses, the total amount was $7.92 billion in 2023, an increase of $0.21 billion (2.6 per cent), compared with $7.71 billion in 2022, which was due mainly to an increase of $0.22 billion in employee salaries, allowances and benefits.

Net assets for the year 2023 decreased by $0.52 billion (11 per cent), from $4.71 billion as at 31 December 2022 to $4.19 billion as at 31 December 2023, which was due mainly to the actuarial losses on employee benefits liabilities ($0.25 billion) and the deficit for the year ($0.33 billion).

Liquidity management

The overall financial situation for the year 2023 was relatively healthy. However, for the regular budget and related funds, the cash ratio stood at 0.19, 0.69 and 0.11 at year end for 2021, 2022 and 2023, respectively, indicating increasing liquidity challenges. Through a dynamic analysis of the cash flows (in and out) for the 10UNA fund (a major component of the regular budget) in 2023, the Board noted significant cash shortages in the middle of the year, which were due mainly to the fact

that assessed contributions had not been paid in a timely manner. In 2023, the entire amount of the approved amount of the Working Capital Fund and the United Nations Special Account had been used to deal with the liquidity crisis in relation to the regular budget.

The Administration informed the Board that measures had been taken to address the issue of assessed contributions in arrears, including sending multiple reminders to Member States and launching outreach campaigns to raise Member States' awareness of the liquidity situation and the implications for programme delivery. These efforts have led to a large number of Member States paying in full; however, there were still large amounts outstanding at the end of 2023.

Accounting for and disclosure of foreign currency forward contracts and other financial instruments needs enhancement

The General Assembly approved the Secretariat's use of forward exchange rates in preparing budget estimates to hedge for currency risks. The Administration decided not to apply optional hedge accounting to foreign currency forward contracts intended to hedge against currency risk. However, to align the financial statements with the published programme budget performance reports, the realized gains of $16.3 million from the 2023 contracts were recorded against staff and non-staff costs, and the unrealized gains of $27.2 million from the 2024 contracts were classified as staff and non-staff costs, when they should have been recorded as investment revenue. Furthermore, $51.24 million in unrealized fair value gain on revaluation of investments that was recognized directly in net assets during 2023 was presented as accumulated surplus, which should have been presented separately as reserves within net assets in accordance with IPSAS 1: Presentation of financial statements.

Cost-recovery services

$489.45 million in accumulated surplus and rebounding reserve ratio for cost-recovery services

As at 31 December 2023, the accumulated surplus of the cost-recovery fund (10RCR) totalled $489.45 million. Although the growth rate of the annual surplus slowed in 2022, it rebounded in 2023, with an annual surplus of $33.3 million, nearly half of which came from investment revenue. United Nations Headquarters had the largest portion of the accumulated surplus, ranging from 45 to 54 per cent from 2019 to 2023. The reserve ratio among entities varied significantly, from 0.43 to 46.56.

Lack of allocation mechanism for 10RCR investment revenue

The investment revenue of the 10RCR fund, totalling $34.37 million from 2019 to 2023, was recorded under the Office of Programme Planning, Finance and Budget to support global management of cost recovery, provide technical support and training and maintain a central reserve. However, the allocation and utilization of the 10RCR investment revenue lacked sufficient transparency in relation to various service providers.

Excessive charges for cost-recovery services

The Board noted several instances of excessive charges for cost-recovery services. For example, the United Nations Support Mission in Libya (UNSMIL) had generated $5.24 million in 10RCR revenue from services absorbed by the regular budget without any associated expenses in recent years. In addition, the Department of Operational Support and the Office of Information and Communications Technology had had excessive charges for office space rental and information and communications technology (ICT) services, with 10RCR accumulated surpluses of $33.09 million and $26.61 million, respectively, as at 31 December 2023. Furthermore, the 10RCR accumulated surplus of the United Nations Office at Nairobi had increased significantly from 2020 to 2023.

Budget management

Incomplete budget information on rental income in the proposed programme budget

In the current budget fascicle, gross revenues and expenditures of spendable and non-spendable rental income were not disclosed separately, which may not provide sufficient information for the rental income estimates.

Lack of a clear policy on spendable revenue from rental of premises

There were no clear policies on either guiding the retention of spendable revenue or monitoring the usage of spendable revenue. Significant amounts of the unencumbered balance of spendable rental revenue were identified, with no clear division of how regular budget resources and spendable revenue had been used for the maintenance requirements of rented areas.

Continuous overexpenditure on communications and information technology equipment for some special political missions

The Board sampled 13 larger special political missions, including the United Nations Assistance Mission in Afghanistan (UNAMA), the United Nations Assistance Mission for Iraq (UNAMI) and 11 cluster III special political missions, and noted that the accumulated overexpenditure amount for communications and information technology equipment was $17.92 million from 2021 to 2023. In 2021, 11 special political missions had overexpenditure of $4.99 million (or 4.17 times the approved budget). In 2022, 12 special political missions had overexpenditure of $8.86 million (or 3.72 times the approved budget). In 2023, seven special political missions had overexpenditure of $5.55 million (or 4.62 times the approved budget). In particular, six special political missions had consecutive overexpenditure with an accumulated amount of $8.24 million over three years.

Cash and investment management

Selection of investment counterparties in need of further improvement

The United Nations Investment Management Guidelines, which establish criteria for recommended banks with regard to time deposits and certificates of deposit, provide only the minimum credit rating requirements, while in practice the Administration also considers other criteria, such as competitive rates, which is not clearly stated in the policy.

Defined end-of-service liabilities

Policy and management of reserve for end-of-service liabilities funded by extrabudgetary resources in need of improvement

The current reserve management policies for managing end-of-service liabilities are fragmented. In addition, the accruals and adjustments policy for these reserves needs to be formalized to address the overfunding of $92.92 million for extrabudgetary-related repatriation benefits, while no funding existed for annual leave ($77.46 million) and there was underfunding of $726.87 million for after-service health insurance at the end of 2023.

Assets management

Inaccurate data in Umoja indicate that improvement needed in equipment management

According to data in Umoja, from 2015 to 2023, 6,314 unused equipment items, with an acquisition value of $10.46 million, had been disposed of. In addition, at the end of March 2024, 11,786 equipment items, with an acquisition value of $30.6 million, had not been distributed for use for more than two years since their acquisition. Of these undistributed items, 2,557 items, amounting to $3.63 million, had already exceeded their service life. Furthermore, from 2018 to 2023, 2,711 pieces of equipment (with a total acquisition value of $17.72 million) had been disposed of, while those items had been used for less than 50 per cent of their service life. The Administration attributed this mainly to incorrect equipment status in Umoja.

Improvements needed in computing device distribution ratio and idle rate management through monitoring equipment user status and data cleansing in Umoja

As at 31 December 2023, the operations of the United Nations as reported in volume I comprised 47,707 computers and 20,104 staff (excluding non-employees), resulting in a computer-to-employee ratio of 2.37, with 15 per cent of computers being idle. Further analysis revealed that United Nations Headquarters had the highest computer-to-employee ratio, at 2.52 and with an idle rate of 25.3 per cent. There were significant variances in the computer-to-employee ratio of different departments and offices within Headquarters, with the highest ratio reaching 9.15. The Administration stated that that was due to outdated equipment user status in Umoja, which inflated the idle ratio.

Human resources management

Improvement needed in reporting on general temporary assistance positions at the D-1 level and above and positions funded by regular budget that are vacant for more than two years

The Board reviewed the proposed programme budget for 2023 and its supplementary information and noted that: (a) seven general temporary assistance positions at the D-1 level and above had not been fully reported; and (b) 119 positions funded by the regular budget that were vacant for more than two years had not been reported.

Shortcomings in the use of fixed-term appointment limited modality need to be addressed for alignment with new policy guidance

There was no policy guidance relating to the fixed-term appointment limited modality until 20 March 2024, which may have contributed to the following deficiencies: (a) there were 915 staff members in United Nations entities, as reported in volume I, holding fixed-term appointment limited contracts as at 31 December 2023, of which the fixed-term appointment limited contracts of 613 staff members had lasted for more than one year, with the longest being 8.5 years; (b) a sample review of the recruitment duration from advertisement of the position to entry on duty at the Office for the Coordination of Humanitarian Affairs indicated that it had taken more than 120 days in 51 cases of the total sample of 62, or 82.26 per cent, which did not meet the urgent operational need. The Office clarified that the time taken to onboard the candidate after selection was not within the control of the Office, as it depended on various factors, such as visa, travel, medical clearance and the release date of the selected candidate; and (c) non-alignment with the standard recruitment procedures for the issuing of the job opening, the written test and the interview, among other things.

Insufficient progress made regarding geographical distribution

The Board noted the following deficiencies in relation to geographical distribution: (a) the number of underrepresented and unrepresented countries had not decreased in the past three years; (b) the number of geographical posts filled by nationals of some countries was significantly below the lower limit; (c) 95 geographical posts had been vacant for more than one year, with the longest vacancy being 47 months as at 31 December 2023; and (d) of a total of 148 geographical appointments in 2023, 53 staff members (35.81 per cent) were from unrepresented or underrepresented countries, which did not meet the goal of 50 per cent for three consecutive years.

Supply chain management

Difficulties in attracting sufficient vendors to ensure effective competition in the engineering, design and construction field

The engineering, design and construction procurement category accounted for 11 per cent of United Nations procurement. A well-designed strategy was approved in 2020 to increase the price-performance ratio of purchases in this sector. However, due to a lack of personnel, the implementation of this strategy has not been monitored. One of the main challenges related to the low number of vendors that responded effectively to solicitations in this field. On average, there were fewer than three proposals per tender, and there was a downward trend in the period 2018–2023.

Implementation of the accountability system

Some elements of the accountability system need enhancement

The Board reviewed the sufficiency, efficiency and effectiveness of elements of component IV (internal control systems) of the accountability framework and noted the following areas in need of enhancement: (a) no tracking and implementation mechanism had been put in place to ensure that referrals by the United Nations Tribunals to the Secretary-General for possible action to ensure accountability were duly captured, implemented, tracked and reported; and (b) there was no mechanism to track the recoveries identified through recommendations of the Office of Internal Oversight Services.

Accountability may not have been duly implemented in relation to those cases causing significant financial losses or reputational risks to the Organization

The Board noted two cases involving about $11 million in financial losses to the Organization, in which an investigation had not been conducted and no accountability had been enforced. The two cases involved disputes over construction contracts between the United Nations and external providers. The Board also recalled other cases, discussed in its report on United Nations peacekeeping operations for the 12-month period from 1 July 2022 to 30 June 2023 (A/78/5 (Vol. II)). Additional costs had been incurred by the United Nations in those cases, but no investigation had been conducted and no one had been held accountable. A review of the above-mentioned cases indicated that there was a lack of clear guidelines for financial losses to the United Nations to be investigated.

Development reform

Insufficient geographical representation in the resident coordinator system

As at 31 March 2024, 38 (34 per cent) of the total 113 sitting resident coordinators were from the top seven countries with the most resident coordinators, 55 (33 per cent) of 168 resident coordinator pool members were from the top seven countries with the highest number of resident coordinator pool members and 67 (47 per cent) of 143 resident coordinator/humanitarian coordinator talent pipeline members were concentrated in nine countries.

Delays in implementing the revised efficiency gains road map

As at 31 December 2023, the implementation of the efficiency gains road map for the period from 2022–2024 had been delayed. No common back office was fully implemented in 2023 against a target of 20 common back offices approved/ implemented in 2023, only 5 and 8 of the targeted 66 common premises had been completed in 2022 and 2023, respectively, and the global shared service priority list was refined to include 11 services, a significant reduction from the initially anticipated 42 global services, while no substantial progress had been made. The target of scaling up the business operation strategy in a complex high-risk/crisis context was postponed from 2023 to 2024 due to insufficient funding.

Operations related to peace and security affairs

Improvement needed in donor reporting reviews

The Department of Political and Peacebuilding Affairs received voluntary contributions in 2023 from organization E to support activities of the Standby Team of Senior Mediation Advisers and shared a quarterly update with detailed information on recent deployments of the Standby Team, including locations, subjects addressed and key elements arising from each deployment, some of which was not included in the public reports on the multi-year appeal. In this regard, a standard and consistent approach needs to be put in place and followed fully in reporting Standby Team activities to donors.

Challenges in management of the United Nations Development Programme-Department of Political and Peacebuilding Affairs Joint Programme on Building National Capacities for Conflict Prevention

In the tripartite agreement between resident coordinators, the United Nations Development Programme (UNDP) and the Department of Political and Peacebuilding Affairs, the roles and responsibilities of each participant were not specifically outlined. Coordination and cooperation in some countries were insufficient. Reports of the peace and development advisers were sometimes delayed or incomplete in submission.

Humanitarian affairs

Incomplete documentation of pre-positioned funds amounting to at least $7.83 million

On a sample basis, the Board reviewed five pre-positioned funding projects implemented by two partners under one selected country-based pooled fund and noted that the two partners had neither managed project funds in separate bank accounts nor shown that they used a code-based accounting system to account for the projects' transactions and cash balances separately, as required. As at 31 March 2024, the disbursements for the five projects amounted to $14 million, and payments totalled $3.27 million. However, the cash balances stood at only $2.90 million. Therefore, there was no payment evidence of at least $7.83 million, which should be subject to further verification through the project audit.

Information and communications technology

Possible losses or waste in relation to, inter alia, information and communications technology contract management and Microsoft 365 account management

The Board identified the following instances of possible losses or waste of resources: (a) about $3 million in uncollected volume discounts under ICT contracts; (b) delay in implementation of the new CarLog system of $1.9 million in purchase order value; (c) the current utilization rate of public cloud resources remained low, and a significant increase would result in savings of $1.22 million in accordance with the cost-savings recommendations provided by public cloud vendors; and (d) due to weaknesses identified in relation to Microsoft 365 account management, 1,840 licences were unused and 950 accounts had been inactive for more than 90 days, which should have led to their being decommissioned.

Main recommendations

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

Accounts and financial reporting

(a) **Reclassify the hedging gains and losses to be shown separately in the statement of financial performance to enhance the disclosure of the hedging programme, and present the fair value gain/loss on revaluation of investments as reserves in net assets;**

Cost-recovery services

(b) **Continue to monitor the relevant reserve levels, ensure that the overall 10RCR fund balance is maintained at an appropriate level in accordance with the relevant policies and guidelines, and utilize the fund more efficiently and effectively;**

(c) **Update the policy guidance to disclose to the various business owners how the investment revenue of the 10RCR fund will be used;**

(d) **Comply with relevant cost-recovery guidelines by charging for only necessary and reasonable costs in the future;**

Budget management

(e) **Improve the presentation of budget resources under income section 2 to ensure more transparency of budget information with regard to spendable revenue and expenditure;**

(f) **Develop a clear policy guide on spendable rental income and specify the purpose, standards and methodology for calculation of the retention of spendable revenue, as well as its usage, scope and oversight;**

(g) **Update the budget guide to request respective special political missions to conduct a comprehensive analysis of their own communications and information technology equipment demand plan and to align the plan with the budget proposal and implementation in the future;**

Cash and investment management

(h) **Formalize the criteria for selecting investment counterparties, in addition to the existing criteria, to enhance transparency and ensure that the decision-making process is well documented;**

Defined end-of-service liabilities

(i) **Conduct a comprehensive review of the current policy and management of reserve for end-of-service liability under extrabudgetary resources, including reserve accrual and adjustment methods, to ensure that funding is maintained at a reasonable level;**

Assets management

(j) **Conduct comprehensive reviews of equipment records to ensure the accuracy of data in Umoja and take proactive measures to avoid the potential waste of assets;**

(k) **Improve the monitoring of equipment status and the clean-up of data in Umoja to ensure the effectiveness and efficiency of computing devices management;**

Human resources management

(l) **Remind concerned entities to report long-vacant positions funded by the regular budget in the budget documentation, as required in the budget guide;**

(m) **Remind entities to review their current practice of using the fixed-term appointment limited modality and reiterate to all entities the need to abide by the recent policy guideline on the fixed-term appointment limited modality;**

(n) **Ensure a timely recruitment process for geographical posts and ensure that appointments from unrepresented or underrepresented countries are in line with relevant targets;**

Supply chain management

(o) **Develop a strategy to increase the number of potential vendors in the engineering, design and construction category that are interested in working with the United Nations;**

Implementation of the accountability system

(p) **Ensure that there is a guideline indicating clearly who should take responsibility to follow up, track and report on the referred cases, which should contain guidance on actions to be taken in a timely manner on those cases referred by the United Nations Dispute Tribunal/the United Nations Appeals Tribunal for possible action to ensure accountability;**

(q) **Subject to the legal framework, better track recoveries that were identified in the recommendations of the Office of Internal Oversight Services;**

(r) **Review its existing processes under the current legal framework in cases where the Organization has suffered a financial loss due to possible gross negligence to enforce accountability, where appropriate;**

Development reform

(s) **Address the high concentration of geographical representation in the resident coordinator/humanitarian coordinator talent pipeline by attracting and nurturing more personnel from programme countries;**

(t) **Engage with the United Nations Sustainable Development Group governance to draw attention to and address the gaps in the implementation of the efficiency gains road map in a timely manner;**

Operations related to peace and security affairs

(u) **Ensure that a standard and consistent approach is followed in reporting Standby Team of Senior Mediation Advisers activities to donors and ensure that there is equal access by all Member States to non-confidential information on Standby Team activities in a publicly accessible format;**

(v) **Review the tripartite agreement and ensure that it clearly identifies the responsibilities of the peace and development advisers, as well as of the managers of the agreement, and that the advisers' reports are submitted in a timely, consistent manner, following a standardized report template;**

Humanitarian affairs

(w) **Enhance oversight of the management of funds, especially regarding the use of a separate interest-bearing bank account, where available, accounting separately for the project expenditures, inform the third-party auditors of the funds of $7.83 million and take follow-up actions;**

Information and communications technology

(x) **Ensure that the Office of Information and Communications Technology, in coordination with the Procurement Division and end-user entities, follows up with the contractors to ensure that the discounts due for information and communications technology contracts are collected in full and in a timely manner;**

(y) **Ensure that the Office of Information and Communications Technology, together with respective entities, updates the cloud strategy in a timely manner to align it with the latest information and communications technology landscape and business requirements, enhances public cloud resource utilization and implements cost-saving measures, as appropriate;**

(z) **Ensure that the Office of Information and Communications Technology strengthens its monitoring and reminder mechanisms to guide entities in Microsoft 365 accounts management and reduce any financial losses.**

Follow-up on previous recommendations

The Board noted that there were 220 outstanding recommendations for the operations of the United Nations as reported in volume I up to the year ended 31 December 2022, of which 88 (40 per cent) had been implemented, 115 (52 per cent) were under implementation and 17 (8 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.

Key facts	
$7.59 billion	Total revenue
$7.92 billion	Total expenses
$0.33 billion	Deficit for the year
$11.70 billion	Assets
$7.51 billion	Liabilities
$4.19 billion	Total net assets
$3.32 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 Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, the International Residual Mechanism for Criminal Tribunals, the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Environment Programme (UNEP), among others, which are reported separately.

3. The 2023 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 2023 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations, as well as with the International Standards on Auditing and the International Standards of Supreme Audit Institutions. 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 at 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 2023 and the results of its operations and cash flows for the financial period, in accordance with IPSAS. This included an assessment of 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 and asset and human resources management. The Board also identified different areas for improvement in the operations of development, peace and security, humanitarian affairs and ICT.

B. Findings and recommendations

1. Follow-up on previous recommendations

8. There were 220 outstanding recommendations for the operations of the United Nations as reported in volume I up to the year ended 31 December 2022, of which 88 (40 per cent) had been implemented, 115 (52 per cent) were under implementation and 17 (8 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 of the Board of Auditors for the year ended 31 December 2015 (A/71/5 (Vol. I)).

Table II.1
Status of implementation of recommendations

Audit report year	*Report*	*Recommendations pending as at 31 December 2022*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2023*
2015	A/71/5 (Vol. I)	6	0	6	–	–	6
2016	A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II[a]	1	1	–	–	–	–
2017	A/73/5 (Vol. I)	1	–	1	–	–	1
2018	A/74/5 (Vol. I)[a]	8	4	4	–	–	4
2019	A/75/5 (Vol. I)	20	8	10	–	2	10
2020	A/76/5 (Vol. I)[a]	38	15	17	–	6	17
2021	A/77/5 (Vol. I)	66	20	39	–	7	39
2022	A/78/5 (Vol. I)[a]	80	40	38	–	2	38
	Total	**220**	**88**	**115**	**–**	**17**	**115**

[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), A/76/5 (Vol. I) and A/78/5 (Vol. I), which were presented in the reports of the Board of Auditors on the strategic heritage plan (A/73/157, A/75/135, A/77/94 and A/79/XX, respectively).

9. With regard to the ageing of the 115 pending recommendations, 21 (18 per cent) had been pending for more than three years and 17 (15 per cent) for three years, 39 (34 per cent) had been made two years ago and 38 (33 per cent) had been made one year ago. The reasons that those recommendations are pending can be attributed mainly to workplan implementation schedules and timelines.

10. Of the 17 open recommendations relating to the Umoja system as at 31 December 2022, 8 (47 per cent) had been implemented, 6 (35 per cent) were under implementation and 3 (18 per cent) had been overtaken by events (see annex II).

11. Furthermore, as at 31 December 2023, of the 13 outstanding recommendations relating to the ICT strategy, 8 (61 per cent) had been implemented, 4 (31 per cent) were under implementation and 1 (8 per cent) had been overtaken by events (see annex III). The Board is concerned about the oldest recommendations, which have been pending since 2012.

12. Lastly, there was one outstanding recommendation relating to the capital master plan which was still under implementation as at 31 December 2023 (see annex IV).

2. Accounts and financial reporting

(a) Financial overview

13. Total revenue for the year 2023 amounted to $7.59 billion, a slight increase from $7.35 billion in 2022, which was due mainly to the increase of $0.15 billion in assessed contributions and $0.25 billion in investment revenue. The increase in investment revenue was attributable mainly to the investment income from cash pools and the impact of the adoption of IPSAS 41: Financial instruments, on financial assets valuation. With regard to expenses, the total amount was $7.92 billion in 2023, an increase of $0.21 billion (2.6 per cent) compared with $7.71 billion in 2022, which was due mainly to an increase of $0.22 billion in employee salaries and allowances.

14. Net assets for the year 2023 decreased by $0.52 billion (11 per cent), from $4.71 billion as at 31 December 2022 to $4.19 billion as at 31 December 2023, which was due mainly to actuarial losses on employee benefits liabilities ($0.25 billion) and the deficit for the year ($0.33 billion).

(b) Liquidity management

15. At the request of the Advisory Committee on Administrative and Budgetary Questions (A/78/578, para. 12), the Board continued its review of the liquidity situation of the United Nations as reported in volume I through ratio analysis and noted that the major financial ratios had remained stable over the past three years, as shown in table II.2.

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

Financial ratio	*31 December 2023*	*31 December 2022*	*31 December 2021*
Cash ratio[a]			
Cash plus short-term investments: current liabilities	2.36	2.31	2.69
Quick ratio[b]			
Cash plus short-term investments plus accounts receivable: current liabilities	3.37	3.05	3.44

Financial ratio	31 December 2023	31 December 2022	31 December 2021
Current ratio[c]			
Current assets: current liabilities	3.52	3.28	3.81
Solvency ratio[d]			
Total assets: total liabilities	**1.56**	**1.68**	**1.43**

Source: 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 indicates 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.

16. However, through a structural analysis of the financial situation of the United Nations as reported in volume I by fund group, the Board noted that, for the regular budget and related funds, the solvency ratio and the current ratio had been approximately 1 in the past three years. Moreover, the quick ratio had increased from 0.35 to 1.09 during that period. However, the cash ratio continued to worsen, standing at 0.19, 0.69 and 0.11 at the end of 2021, 2022 and 2023, respectively, indicating a liquidity risk, as shown in table II.3.

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

Financial ratio	31 December 2023	31 December 2022	31 December 2021
Cash ratio[a]			
Cash plus short-term investments: current liabilities	0.11	0.69	0.19
Quick ratio[b]			
Cash plus short-term investments plus accounts receivable: current liabilities	1.09	0.87	0.35
Current ratio[c]			
Current assets: current liabilities	1.22	0.97	1.01
Solvency ratio[d]			
Total assets: total liabilities	**1.49**	**1.44**	**1.28**

Source: 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 indicates 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. Given that effective liquidity management depends mainly on a well-matched cash inflow with cash outflow in a specific period, the Board also conducted a dynamic analysis of the cash flows (in and out) for the 10UNA fund (a major component of the regular budget) in 2023 and noted cash shortages for the fund throughout the year, as shown in table II.4. The cash fund's shortages, especially in July, August and December 2023, could be attributed in part to the sharp downward trend in cash inflow during the period.

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

Month	*Cash flow in*	*Cash flow (out)*	*Net cash flow in/(out)*
January	649	423	225.00
February	652	255	396.00
March	176	274	(98.00)
April	181	284	(103.00)
May	213	296	(83.00)
June	118	281	(163.00)
July	14	284	(270.00)
August	57	292	(235.00)
September	123	257	(134.00)
October	142	270	(128.00)
November	349	259	90.00
December	63	306	(243.00)
Total	**2 737**	**3 481**	**(744.00)**

Source: Data provided by the Administration.

18. The Administration indicated that the downward trend of cash inflows of 2023 was attributed mainly to the fact that assessed contributions had not been paid in a timely manner. The Board reviewed the processing of payments of assessments in recent years and noted that the percentage of outstanding contributions of the amount receivable had increased sharply, from 9.51 per cent in 2022 to 26.42 per cent in 2023, indicating a significant delay in the payment of assessed contributions, as shown in table II.5.

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

Year	*Contributions receivable from Member States*	*Contributions outstanding at year end (non-cumulative)*	*Percentage of outstanding amount of current year receivable*
2021	2 955	400	13.54
2022	2 934	279	9.51
2023	2 990	790	26.42

Source: Data provided by the Administration.

19. The Board also conducted a trend and ageing analysis of assessed contributions receivable from 2021 to 2023 and noted that the assessed contributions receivable totalled $883 million as at 31 December 2023, an increase of 93 per cent compared with 31 December 2021, as shown in table II.6. Of the total amount of $883 million in assessed contributions receivable as at 31 December 2023, one Member State had an amount due of $730 million, or 83 per cent of the total outstanding amount.

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

Year	*Amount outstanding for fewer than two years*	*Amount outstanding for more than two years*	*Total*
2021	120	338	458
2022	125	229	354
2023	633	250	883

Source: Data provided by the Administration.

20. 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 and used by the Administration to manage liquidity issues for the regular budget. In accordance with General Assembly resolutions 74/266 and 76/272, the level of the Working Capital Fund is maintained at $150 million (before 2023) and $250 million (effective 2023). The Board noted that, in 2023, the entire amount of liquidity reserves available had been used to deal with the liquidity crisis concerning the regular budget (2021: nil and 2022: nil), as shown in table II.7.

Table II.7
Trend analysis of borrowings by the regular budget from the Working Capital Fund and the United Nations Special Account, year-end 2018–2023
(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	–	–
2023	250.00	216.54

Source: Data provided by the Administration.

21. The Administration indicated that it had taken measures to address the issue of assessed contributions in arrears, including sending multiple reminders to Member States and launching outreach campaigns to raise Member States' awareness of the liquidity situation and the implications for programme delivery. Those efforts had led to an increasing number of Member States paying earlier in 2024; however, there were still large amounts outstanding. The Administration estimated that, without additional improvements in the collection of assessed contributions, and without the introduction of cash conservation measures, the Secretariat may be able to sustain its operations for a period of only eight to nine months in 2024.

(c) Accounting for and disclosure of foreign currency forward contracts and other financial instruments need enhancement

22. In its resolution 69/274, the General Assembly endorsed the recommendation in paragraph 54 of the report of the High-level Panel of Experts (A/69/381), and decided to use forward exchange rates in preparing future budget estimates, commencing with

the proposed programme budget for the biennium 2016–2017. Using forward rates in preparing budget estimates would bring the added benefit of the ability to hedge, allowing the United Nations Treasury to enter into the appropriate currency hedges to manage exchange rate risks.

23. According to the approved hedging proposal for 2023, 277 million Swiss francs and 109 million euros were hedged for the regular budget, and for the strategic heritage plan project, 54.7 million Swiss francs were hedged. The hedged amounts outstanding for 2024 as at 31 December 2023 were 345.5 million Swiss francs and 119.0 million euros, with an unrealized gain of $27.2 million, maturing in 2024.

24. The purpose of foreign exchange forwards in the hedging programme is to lock in an exchange rate and not to obtain profits. As the new IPSAS 41: Financial instruments, enables entities to apply hedge accounting and reflect their actual risk management activities, the Board is of the view that the Treasury’s current foreign currency hedging practice meets all the requirements of cash flow hedge. The approved hedging proposal could be used as documentation to designate hedging relationships.

25. The Administration stated that the accounting policy of the United Nations was to not apply hedge accounting for the foreign currency forward contracts, which was optional in accordance with IPSAS. In accordance with IPSAS 41, if hedge accounting is not applied, the unrealized fair value movement of the outstanding forward contracts should be recorded through surplus or deficit. In addition, the realized gains and losses of the forward contracts and the expense items that are intended to be hedged should be treated separately and not offset.

26. The Board noted that the net realized gains from the 2023 contracts, amounting to $16.3 million (2022: losses of $17.5 million), had been recorded against staff and non-staff costs, resulting in a decrease (2022: increase) in employee benefits and non-staff related expenses. The unrealized gains of $27.2 million (2022: gains of $11.8 million) from the outstanding 2024 contracts as at 31 December 2023 were classified as staff and non-staff costs, whereas they should have been recorded as investment revenue.

27. The Board also noted that $51.24 million in fair value gains on revaluation of investments recognized directly in net assets during 2023 had been presented as accumulated surplus in the statement of changes in net assets for the year ended 31 December 2023, which should have been presented as reserves in accordance with the definition and components of net assets/equity in paragraph 7 of IPSAS 1: Presentation of financial statements.

28. **The Board recommends that the Administration reclassify the hedging gains and losses to be shown separately in the statement of financial performance to enhance the disclosure of the hedging programme and present the fair value gains/losses on revaluation of investments as reserves in net assets.**

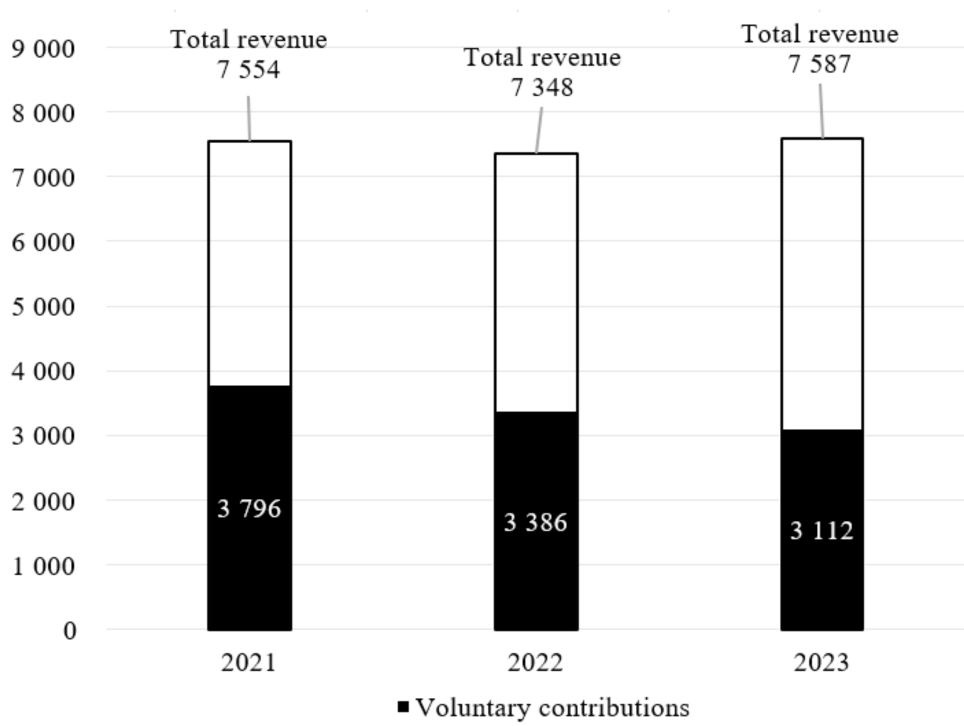
29. The Administration accepted the recommendation and proposed to implement the changes starting in the 2024 financial year, noting that, in providing enhanced disclosure, it would concurrently reduce alignment between the published financial statements and the published performance report.

(d) $7.09 million in refunds due from implementing partners

30. As provided for in the financial reports on the operations of the United Nations as reported in volume I, voluntary contributions have become a major funding source, especially with regard to human rights and humanitarian assistance, political and peacekeeping affairs, and cooperation and development activities. In 2021, 2022 and 2023, annual voluntary contributions under the operations of the United Nations as

reported in volume I amounted to $3,796 million, $3,386 million and $3,112 million, respectively, as shown in figure II.I.

Figure II.I
Trend analysis of voluntary contributions of the operations under the United Nations as reported in volume I, 2021–2023
(Millions of United States dollars)



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

31. In its previous report (A/78/5 (Vol. I), chap. II, paras. 162–170), the Board noted $135 million in unaddressed cash balances of closing/closed voluntary contribution grants and recommended that the Administration support offices in self-monitoring by establishing key performance indicators for operationally closed grants needing financial closure in accordance with donor agreements, inactive grant status, and corresponding unspent project and cash balances. The Board continued its review in this regard for sampled entities in 2023 and noted the following issues:

(a) According to the global guidelines for country-based pooled funds, project-based audits should normally be completed within seven months of the end of the project;

(b) The Board reviewed the expenditure data for the country-based pooled fund projects from 2020 to 2023 provided by the Office for the Coordination of Humanitarian Affairs and noted that the audit of 404 projects had not been completed on time, with an estimated $4.99 million in refunds due. Of the above-mentioned 404 projects, 135 were completed by the end of 2022 and the earliest project was ended in December 2020, with the longest delay in audit of more than two years. In addition, a refund of $2.12 million had been initiated by implementing partners, but the Office had not confirmed receipt of the funds as at 10 May 2024;

(c) The Board also noted that, at the end of 2023, there was $2.10 million in refunds due for completed projects implemented by Secretariat entities funded by the

Peace and Security Sub-Fund of the United Nations peace and development trust fund, managed by the Executive Office of the Secretary-General, involving 20 projects. Of the 20 completed projects, 12 had been completed for more than one year.

32. The Administration explained that the delays in audits of implementing partners were due mainly to backlogs accumulated during the COVID-19 pandemic, when some audits had been put on hold temporarily, and that the implementing partners had faced difficulties in clearing outstanding commitments and liabilities, given the complexity of some multi-year projects, leading to delays in returning unspent balances to the trust fund.

33. The Board is of the view that the delays in audits and financial closing procedures may have a negative impact on the efficient management of project funds, including the timely closure of projects and the performance of funds, especially in cases where a large amount of the cash balance is not refunded in a timely manner and is transferred to implementing partners' bank accounts.

34. **The Board recommends that the Administration expedite the audits of implementing partners and financial closure processes of projects to ensure timely refunds and project closure with a view to improving the efficient utilization of funds thereof.**

35. The Administration accepted the recommendation.

(e) Overdue advances to staff

(i) $3.68 million in overdue travel advances

36. According to the administrative instruction on official travel (ST/AI/2013/3), staff members should, within two calendar weeks after completion of travel other than under the lump-sum option, submit a completed travel reimbursement claim on form F.10, entitled "Voucher for reimbursement of expenses", to their executive or administrative office, in accordance with the instructions set out in that form, including those governing the documentation to be submitted.

37. As at 31 December 2023, staff travel advances amounted to $13.12 million, of which $3.68 million was overdue. Through further structural analysis, the Board noted that the entity with the largest amount of overdue travel advances was United Nations Headquarters (i.e. business area S100), amounting to $1.7 million, or 48 per cent of the total overdue travel advances.

(ii) $3.36 million in overdue salary advances

38. According to the Staff Regulations and Rules (ST/SGB/2023/1) and the administrative instruction on salary advances (ST/AI/2018/12), salary advances may be granted to staff members in specific circumstances, such as insufficient funds upon arrival or exceptional and compelling situations. These advances should be recovered within 12 months or by the expiration of the staff member's appointment, whichever comes first.

39. The Board noted that year-end 2023 salary advances amounted to $2.61 million, of which $0.36 million had a posting date of year-end 2022 or earlier. Through further structural analysis, the Board noted that the entity with the largest amount of overdue salary advances was United Nations Headquarters (S100), amounting to $0.5 million, of which $0.17 million had been posted more than one year earlier.

40. The Board also noted that the salary overpayment totalled $3 million as at 31 December 2023. The regular budget fund had the largest amount of salary overpayment of $2.61 million, or 87 per cent of the total salary overpayment.

41. On a sample basis, the Board noted that, at the end of the first quarter of 2024, 48 former employees had outstanding receivables exceeding $1,000 each, which had come due but remained unpaid, amounting to a total of $469,902.83 and posing a risk of potential unrecoverable losses for the Organization.

42. The Board is of the view that the large amount of overdue staff travel and salary advances may indicate that the internal control of advances to staff needs to be improved.

43. **The Board recommends that the Administration collaborate with relevant departments/entities to strengthen the internal control related to advances to staff and expedite the collection of overdue staff advances.**

44. The Administration accepted the recommendation. The Administration stated that it continues to work with relevant entities on the clearing of staff advances. The Umoja system is designed to recover outstanding staff advances when they are due. There are instances where the recovery date may cross financial periods. In addition, information on the ageing of staff receivables broken down by type is available to entities on the management dashboard.

(iii) Advances to staff of the United Nations Office at Geneva

45. As at 31 December 2023, the staff advances balance in United Nations Office at Geneva accounts amounted to $29.07 million, consisting mainly of advances related to the education grant (80 per cent of total advances) and travel (9 per cent). Of that, $1.26 million in staff advances was overdue at year-end 2023, including $0.33 million for education grants and $0.93 million for travel advances. These advances should have been settled in accordance with the relevant provisions of the Staff Regulations and Rules of the United Nations.

46. An ageing analysis of education grant advances and travel advances showed that some of the advances could be traced back to 2017. In May 2024, $0.3 million in travel advances remained outstanding, with some advances overdue since 2020 and 2021.

47. The Board is of the view that the United Nations Office at Geneva should conduct further investigations regarding the staff advances, as most of the staff members concerned are still working for the United Nations Secretariat or other entities, but it appears that no salary deductions have been applied.

48. **The Board recommends that the Administration strengthen the implementation of the timely recovery process of education grant and travel advances and, more specifically, liaise with Headquarters and other entities to discuss the feasibility of automated recovery for all travel advances processes in order to ensure the collection of any due payments and consistency with staff rules and regulations.**

49. The Administration accepted the recommendation.

3. Cost-recovery services

50. In its report (A/77/574, para. 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, maintaining the overall fund balance at an appropriate level and compliance with relevant normative frameworks. In its report (A/78/578, para. 14), the Advisory Committee stressed again the need for enhanced compliance with the United Nations policy and guidelines on cost-recovery services. In response to those comments, the Board continued its review in 2023, 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 the following areas that required further improvement:

(a) $489.45 million in accumulated surplus and rebounding reserve ratio for cost-recovery services

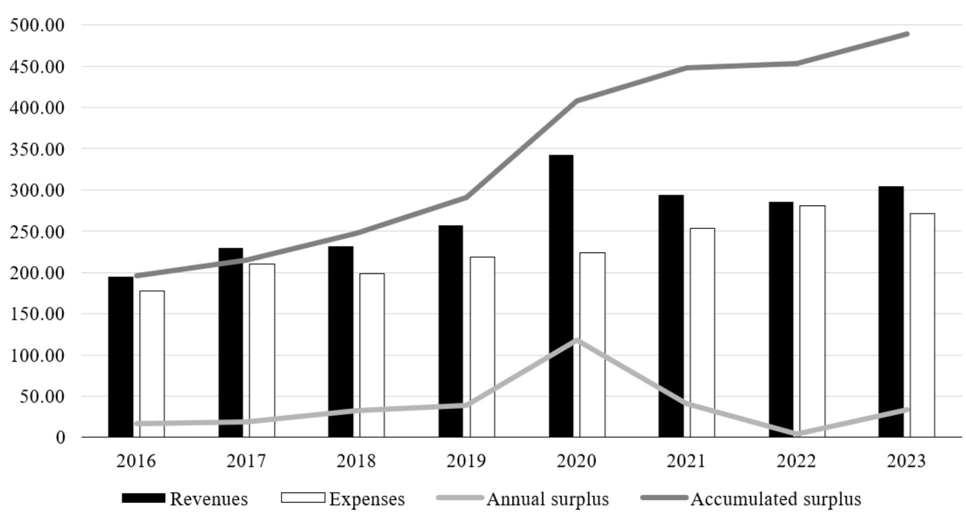
51. According to the cost-recovery policy and guidelines updated on 1 September 2023, an entity supplying a service should fully recover all costs that are properly associated with providing that service. Profit or loss should be avoided, as United Nations entities are not-for-profit organizations, and profit or loss in such a scenario leads to a redistribution of funding between entities. For individual funds, the overall fund balance should not exceed one year of operating expenses measured over a three-year period, 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 10RCR accumulated surplus

52. As at 31 December 2023, the accumulated surplus of the cost-recovery fund (10RCR) totalled $489.45 million. Although the growth rate of annual surplus slowed in 2022, it rebounded in 2023, with an amount of $33.3 million, as detailed in figure II.II. The Board noted that nearly half the 2023 annual surplus came from investment revenue from the cash pool, which cannot easily be forecast.

Figure II.II
Trend of 10RCR revenues, expenses and surplus (annual and accumulated), 2016–2023

(Millions of United States dollars)



	2016	2017	2018	2019	2020	2021	2022	2023
Revenues	194.47	229.70	231.48	257.34	342.65	294.46	285.16	304.94
Expenses	177.21	210.37	198.63	218.22	224.12	253.88	280.78	271.64
Annual surplus	17.26	19.33	32.85	39.12	118.53	40.58	4.38	33.30
Accumulated surplus	195.87	215.21	248.06	290.41	407.95	448.54	452.92	489.45

Source: Data from the ERP Central Component in Umoja.

Structural analysis of the 10RCR accumulated surplus

53. Through a structural analysis of business areas (i.e. entities), the Board noted that United Nations Headquarters had the largest portion ($236.38 million as at 31 December 2023) of 10RCR accumulated surplus at the end of the past five years, ranging from 45 to 54 per cent. Other top entities with a significant amount of 10RCR accumulated surplus as at 31 December 2023 included the United Nations Office at Nairobi ($72.42 million, or 14.8 per cent), the United Nations Office at Geneva ($61.37 million, or 12.54 per cent) and UNAMA ($29.87 million, or 6.1 per cent), as detailed in table II.8.

Table II.8
Top 10 10RCR accumulated surplus by business area, 2019–2023
(Millions of United States dollars)

Entity	*Accumulated surplus (2019)*	*Accumulated surplus (2020)*	*Accumulated surplus (2021)*	*Accumulated surplus (2022)*	*Accumulated surplus (2023)*
ESCWA	2.07	3.09	5.99	5.19	2.68
ECA	7.69	4.93	5.18	6.58	5.83
UNSMIL	8.62	12.80	19.99	7.58	7.45
United Nations Office at Vienna	9.65	12.53	15.91	17.02	17.59
UNAMI	14.33	17.47	21.28	24.35	23.29
ESCAP (including United Nations Headquarters entity funds)	15.85	21.30	22.86	25.11	27.81
UNAMA	8.93	14.80	17.11	24.79	29.87
United Nations Office at Geneva	51.21	52.41	57.63	66.35	61.37
United Nations Office at Nairobi	39.50	43.90	46.77	55.70	72.42
United Nations Headquarters	129.76	219.88	229.80	215.90	236.38
Total accumulated surplus	**290.41**	**407.95**	**448.54**	**452.92**	**489.45**
Proportion of United Nations Headquarters (percentage)	45	54	51	48	48

Source: Data from the ERP Central Component in Umoja.
Abbreviations: ECA, Economic Commission for Africa; ESCAP, Economic and Social Commission for Asia and the Pacific; ESCWA, Economic and Social Commission for Western Asia; UNAMA, United Nations Assistance Mission in Afghanistan; UNAMI, United Nations Assistance Mission for Iraq; UNSMIL, United Nations Support Mission in Libya.

Trend analysis of the 10RCR reserve ratio

54. The Board conducted a trend analysis of the 10RCR reserve ratio (i.e. year-end accumulated surplus divided by annual expenses) and noted that the ratio had been reduced since 2020, but rebounded to 1.81 at year-end 2023. Furthermore, the 2023 reserve ratio among different entities varied significantly, ranging from 0.43 to 46.56, as detailed in table II.9.

Table II.9
Variance analysis of 10RCR reserve ratios among entities
(Millions of United States dollars)

Business area	*Entity*	*2021 accumulated surplus*	*2021 reserve ratio*	*2022 accumulated surplus*	*2022 reserve ratio*	*2023 accumulated surplus*	*2023 reserve ratio*
S100	United Nations Headquarters	229.80	1.79	215.90	1.77	236.38	2.05
S300	United Nations Office at Nairobi	46.77	1.67	55.70	1.77	72.42	2.18
S200	United Nations Office at Geneva	57.63	1.21	66.35	1.30	61.37	0.95
M006	United Nations Assistance Mission in Afghanistan	17.11	1.33	24.79	1.68	29.87	1.80
R400	Economic and Social Commission for Asia and the Pacific (including United Nations Headquarters entity funds)	22.86	2.62	25.11	3.21	27.81	3.22
M007	United Nations Assistance Mission for Iraq	21.28	2.51	24.35	2.71	23.29	1.83
S400	United Nations Office at Vienna	15.91	2.45	17.02	2.25	12.53	1.40
M015	United Nations Support Mission in Libya	19.99	–	7.58	0.51	7.45	46.56
R100	Economic Commission for Africa	5.18	0.65	6.58	0.65	5.83	1.65
R500	Economic and Social Commission for Western Asia	5.99	3.04	5.19	0.69	2.68	0.43
R300	Economic Commission for Latin America and the Caribbean	1.42	0.53	1.96	1.67	2.28	1.94

Source: Data from the ERP Central Component in Umoja.
Note: Expense > 0 and accumulated surplus > 0.

Structural analysis of United Nations Headquarters reserve ratios

55. The Board further analysed the reserve ratio of United Nations Headquarters and noted that the ratio had increased from 1.77 in 2022 to 2.05 in 2023. In particular, the Department of Management Strategy, Policy and Compliance had the largest amount of accumulated surplus due mainly to the long-outstanding legacy surplus, on which the Administration had been conducting an analysis of historical Integrated Management Information System transactions for distribution. This practice is expected to conclude in the second quarter of 2024 with the appropriate adjustment of net assets.

56. With regard to the overall 10RCR fund balances, the Administration explained that it was reviewing fund balances to determine the appropriate level of operational reserves for service providers, ensuring compliance with policies, avoiding cross-subsidization, supporting staff liabilities and expenses, and minimizing financial risk, and that the fund balance may change after a review of old unassigned surpluses, by the end of June 2024.

Unaddressed accumulated surplus in the cost-recovery fund of the United Nations Office at Vienna

57. The Board noted that the cost-recovery fund (10RCR) associated with the United Nations Office at Vienna had accumulated a surplus of $12.53 million at the end of 2023. The Board also observed that the surplus balance was equivalent to 2.68 years of expenses based on the average of the last three years of expenses of the 10RCR fund, which exceeded and was contrary to the range of one year of expenses established in the cost-recovery policy and guidelines.

58. In a historical analysis of the accumulated balances of the 10RCR fund, the Board noted that, from 2019 to 2023, the balance had increased by $5.90 million. In addition, over those five years, the Information Technology Service tended to maintain the highest amount of all the accumulated balances, which was equivalent to 50 per cent of the total.

59. The United Nations Office at Vienna indicated that the plan issued and approved to address the accumulated surplus had presented an execution level of 26.90 per cent of its planned 2023 expenditure. The Office also indicated that it had reserved $2.13 million for staff liabilities and planned to update its balance usage plan regularly. However, the Board is of the view that further efforts are still needed to manage the considerable surplus of $12.5 million.

60. **The Board recommends that the Administration continue to monitor the relevant reserve levels, ensure that the overall 10RCR fund balance is maintained at an appropriate level in accordance with the relevant policies and guidelines, and utilize the fund more efficiently and effectively.**

61. The Administration accepted the recommendation.

(b) Lack of allocation mechanism for 10RCR investment revenue

62. According to the cost-recovery policy and guidelines updated on 1 September 2023, service providers should establish efficient and effective cost-recovery mechanisms to ensure that costs are assigned to the appropriate funding source in line with approved mandates and to avoid reliance on cross-subsidization.

63. Since $16.15 million (46.99 per cent) of the annual 10RCR surplus in 2023 came from investment revenue from the cash pool, the Board further reviewed the allocation of investment revenue of the 10RCR fund in recent years and noted that all the investment revenue of the fund had been recorded under the Office of Programme Planning, Finance and Budget, totalling $34.37 million from 2019 to 2023, as detailed in table II.10.

Table II.10
Allocation of investment revenue from the 10RCR fund
(Millions of United States dollars)

Financial year	*Allocation of investment revenue*
2019	4.94
2020	2.98
2021	1.79
2022	8.51
2023	16.15
Total	**34.37**

Source: Data from the ERP Central Component in Umoja.

64. The Administration explained that the income from the cash pool, posted at the 10RCR fund level, was used to support the global management of cost recovery, provide technical support and training, and maintain a central reserve for urgent requirements or interest income fluctuations.

65. Given the variety of the business owners of 10RCR, as well as its funding sources, the Board is of the view that the allocation and utilization of 10RCR investment revenue should be formalized to ensure its transparency and fairness to various service providers.

66. **The Board recommends that the Administration update the policy guidance to disclose to the various business owners how the investment revenue of the 10RCR fund will be used.**

67. The Administration accepted the recommendation.

(c) Excessive charges for cost-recovery services

68. According to the cost-recovery policy and guidelines updated on 1 September 2023, service charges must be transparent, easy to understand and reasonable and must not exceed the amount necessary to recover actual service costs. Moreover, those charges should be monitored regularly and adjusted if necessary to avoid any overrecovery or underrecovery of costs.

69. The Board conducted a structural analysis of the 10RCR surplus ratio (i.e. annual surplus-to-revenue ratio) by business area (i.e. entity) and noted significant variances among different entities, ranging from 6 to 100 per cent in 2021 to 2023, as detailed in table II.11. Those entities with a significant amount of 10RCR annual surplus, as well as a high surplus ratio, included the United Nations Office at Nairobi, UNAMA and ESCAP (including United Nations Headquarters entity funds).

Table II.11
Variance analysis of the 10RCR surplus ratio among entities
(Millions of United States dollars)

Business area	*Entity*	*2023 revenue*	*2023 annual surplus*	*2023 surplus ratio (percentage)*	*2022 revenue*	*2022 annual surplus*	*2022 surplus ratio (percentage)*	*2021 revenue*	*2021 annual surplus*	*2021 surplus ratio (percentage)*
S100	United Nations Headquarters	133.70	18.26	14	107.98	(13.90)	(13)	137.94	9.91	7
S300	United Nations Office at Nairobi	49.90	16.73	34	40.41	8.93	22	30.89	2.87	9
M006	United Nations Assistance Mission in Afghanistan	21.73	5.17	24	22.39	7.67	34	15.19	2.31	15
R400	Economic and Social Commission for Asia and the Pacific (including the Office of Information and Communications Technology)	11.27	2.72	24	10.06	2.25	22	10.27	1.56	15
S400	United Nations Office at Vienna	9.56	0.60	6	8.68	1.10	13	9.88	3.39	34
R300	Economic Commission for Latin America and the Caribbean	1.50	0.33	22	1.71	0.54	31	2.57	(0.12)	(5)

Source: Data from the ERP Central Component in Umoja.
Note: 2023 annual revenue > $1 million and annual surplus > $0.01 million.

70. On a sample basis, the Board reviewed the 10RCR transactions of the United Nations Office at Nairobi, UNSMIL, the Department of Operational Support and the Office of Information and Communications Technology, and noted the following:

(i) United Nations Support Mission in Libya charges for cost-recovery services absorbed by the regular budget

71. In its previous audit (A/77/5 (Vol. I), chap. II, paras. 39–42), the Board noted that UNSMIL had generated a $14.78 million surplus from cost-recovery services (10RCR) absorbed by the regular budget, and recommended that the Administration comply with relevant cost-recovery policies and guidelines by charging for only necessary and reasonable costs. Having considered the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/77/7/Add.18, para. 40), the General Assembly approved the return of the amount of $14.78 million from cost recovery by UNSMIL as credits against assessments to Member States for 2023. The Administration then refunded the $14.78 million in 10RCR surplus to the 10UNA fund.

72. The Board continued its review in 2023 and noted that the Mission had an accumulated surplus of $7.45 million, as well as a high reserve ratio of 46.56, at the end of 2023. Further analysis revealed that, in recent years, UNSMIL had recorded an additional $5.24 million in 10RCR revenue under four fund centres without any associated expenses.

73. UNSMIL explained that it had been reviewing its catalogue of rates, collaborating with relevant United Nations Headquarters offices to develop the cost plan and engaging with parties to memorandums of understanding to estimate required services. It acknowledged that the process had been delayed, but said that it intended to utilize the generated revenue upon completion of the ongoing reviews.

74. The Board is of the view that charging for services already funded through the regular budget is not in full compliance with the cost-recovery principle.

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

76. The Administration accepted the recommendation.

(ii) Excessive charges for office space rental and information and communications technology services

77. The Board noted high surplus ratios for Department of Operational Support office space rental services, as well as Office of Information and Communications Technology 10RCR business.

78. The accumulated surplus of Department of Operational Support office space rental services amounted to $33.09 million as at 31 December 2023, with an annual surplus of $9.28 million in 2023. The surplus ratio of this fund centre has remained high in recent years, with the highest ratio of 37 per cent in 2020, as detailed in table II.12.

Table II.12
Revenue, expenses and surplus of the Department of Operational Support fund centre

(Millions of United States dollars)

Year	*2020*	*2021*	*2022*	*2023*
Revenue	32.59	30.67	29.73	28.61
Expenses	20.63	23.00	25.12	19.33
Annual surplus	11.96	7.67	4.61	9.28
Surplus ratio (percentage)	37	25	16	32
Accumulated surplus	11.54	19.21	23.82	33.09

Source: Data from the ERP Central Component in Umoja.

79. The Board noted that one of the factors contributing to the high level of generated surplus was the notable margin between the lease-in price and the lease-out price. As an example, the Board sampled one leasing agreement and noted that the lease-in price of the building was $47.56 per square foot per year, while the lease-out price was $60 for basic rent and $17 for operational expenses per square foot per year, resulting in a 26 per cent profit margin on the basic rent.

80. The Administration explained that the significant surplus from office space rental services in 2023 was due primarily to the vacating of the DC1 Building and an agreement with the landlord to not charge rent for the vacated space until a new lease was in place for the DC2 Building. The Department of Operational Support has

already taken steps to reduce its current 10RCR surplus by decreasing the standard rate charged for extrabudgetary positions in 2024 and 2025.

81. **The Board recommends that the Administration conduct a comprehensive cost analysis of the services provided and comply with relevant cost-recovery guidelines to charge for only necessary and reasonable costs for office rental charges.**

82. The Administration accepted the recommendation.

83. The 10RCR accumulated surplus of the Office of Information and Communications Technology amounted to $26.61 million as at 31 December 2023. There was a clear upward trend in its surplus ratio from 2020 to 2023, ranging from 14.73 to 23.17 per cent, as detailed in table II.13. The regular budget and peacekeeping mission funds were the two major funding sources, accounting for 64.75 to 76.36 per cent of the total 10RCR revenue during the period from 2020 to 2023.

Table II.13
10RCR revenue, expenses and surplus of the Office of Information and Communications Technology
(Millions of United States dollars)

Year	*2020*	*2021*	*2022*	*2023*
Revenue	36.39	38.70	36.82	36.09
Expenses	30.48	33.00	28.29	28.51
Annual surplus	5.91	5.70	8.53	7.58
Surplus ratio (percentage)	16.24	14.73	23.17	21.00
Accumulated surplus	4.79	10.49	19.02	26.61

Source: Data from the ERP Central Component in Umoja.

84. The Office of Information and Communications Technology indicated that 68 per cent of its 2023 10RCR revenue had been derived from the service known as core personal computing services and enterprise applications provided to United Nations Headquarters clients, at unit price of $1,615 per user per year. This rate included charges for several components, such as personal computer hardware support, Microsoft 365 licences and cloud-based storage. However, except for the unit purchase price of Microsoft 365 licences of $189.60 per user per year, the Office was unable to provide other cost analysis to demonstrate the reasonableness of the service rate charged.

85. **The Board recommends that the Administration conduct a comprehensive cost analysis of the services provided to calculate the updated total cost of ownership and to align the relevant cost recovery with appropriate and reasonable charges.**

86. The Administration accepted the recommendation, noting that the Office of Information and Communications Technology cost-recovery rates had already been the subject of a prolonged review by the Office of Programme Planning, Finance and Budget.

(iii) Basis of cost plans for 10RCR services at the United Nations Office at Nairobi needs to be re-examined

87. As at 31 December 2023, the United Nations Office at Nairobi had the second largest portion of the 10RCR accumulated surplus ($72.42 million), and there was an overall upward trend from 2020 to 2023. Moreover, the surplus ratio of the Office increased, from 9 per cent in 2021 to 34 per cent in 2023, as detailed in table II.14.

Table II.14

Trend of United Nations Office at Nairobi 10RCR revenue, expenses and surplus, 2020–2023

(Millions of United States dollars)

Year	*2020*	*2021*	*2022*	*2023*
Revenue	30.19	30.87	40.41	49.85
Expenses	25.79	28.00	31.48	33.11
Annual surplus	4.4	2.87	8.93	16.74
Surplus ratio (percentage)	15	9	22	34
Accumulated surplus	43.9	46.77	55.7	72.42

Source: Data from the ERP Central Component in Umoja.

88. The Board noted that the indirect costs charged recorded had an accumulated surplus of $7.48 million at the end of 2023. They were charged up front on the basis of approved budgetary direct costs rather than actual direct costs incurred.

89. The Board further reviewed the indirect costs charge rates on the basis of the actual expenses of these services and noted that the charges exceeded the upper limit of 7 per cent set out in the cost-recovery policy and guidelines. For instance, in 2023, the Human Resources Management Service of the United Nations Office at Nairobi incurred a direct cost of $2.74 million and was charged an administrative fee of $250,100, accounting for 10.03 per cent of its direct costs. Similar observations were also made with regard to the indirect costs charged on budget and financial services, as well as to the Central Support Services of the Office.

90. The United Nations Office at Nairobi explained that matching the budget with the revenue of the same year was not always possible due to the consideration of available working capital from prior years' accumulated balances, the accumulation of spendable funding for multi-year projects requiring significant outlays, and the estimation of projected costs and revenues being based on assumptions. The Office also explained that, since 2022, it had introduced measures to strengthen the budget review and costing process to minimize gaps between the budget and actual expenses.

91. **The Board recommends that the Administration re-examine the basis of the preparation of the cost plans to minimize the variation between the projected revenue and expenditure and to avoid any unreasonable overcharging of overhead.**

92. The Administration accepted the recommendation.

(d) A total of $17.03 million of the 10RCR fund was used for non-cost-recovery business purposes

93. According to the cost-recovery policy and guidelines updated on 1 September 2023, revenue generated from the provision of services should be used in line with the service that generated the revenue. Service providers should not use the generation of revenue to subsidize activities that are underfunded or unfunded by their assessed resources.

(i) Using $3.24 million of the 10RCR fund for non-cost-recovery related staff costs

94. On a sample basis, the Board reviewed 10RCR transactions and noted that a total amount of $3.24 million of the 10RCR fund in December 2023 was used for staff members whose costs were not related to cost-recovery services, as detailed below:

(a) In all, $2.26 million was paid as advances to staff members who were not providing cost-recovery services;

(b) A total of $0.98 million in advances was paid for after-service health insurance for external individuals. The advances were paid because the retirees did not have bank accounts or due to miscalculations by the Administration, and the retirees’ costs were not related to cost-recovery services.

(ii) Using $13.79 million of the 10RCR fund for non-cost-recovery related operating expenses

95. The Board also sampled some 10RCR transactions relating to operating expenses and noted that a total of $13.79 million of the 10RCR fund was used for consulting or rental services not related to cost-recovery business, as detailed below:

(a) From January 2019 to December 2023, expenses amounting to $2.51 million were recorded against the Assistant Secretary-General/Chief Information and Technology Officer in the Office of Information and Communications Technology, which had not been providing cost-recovery services since 2019. Some management consulting expenses had been recorded for the Office that were not related to cost-recovery services;

(b) From January 2020 to December 2023, a total amount of $11.28 million of the 10RCR fund was used to pay rent on a New York office building (i.e. the Albano Building), which was occupied by the Secretariat without any lessees. The office building was not involved in any cost-recovery business.

96. The Administration explained that the advances had been used for staff members, billing positions and direct billing, and that the recovery of the advances may occur over several instalments. Furthermore, expenditures were attributed to the executive direction and management activities of the Assistant Secretary-General, Chief Information and Technology Officer, while the rental revenue of the Albano Building was collected as a common pool.

97. The Board is concerned that using the 10RCR fund to cover shortfalls in other budgetary resources is not in full compliance with the relevant requirements of cost-recovery services.

98. **The Board recommends that the Administration review the use of the 10RCR fund for after-service health insurance and other staff related transactions to determine if they are relevant to 10RCR and cost recovery.**

99. The Administration accepted the recommendation.

(e) $30.02 million in overdue 10RCR receivables

100. According to the cost-recovery policy and guidelines updated on 1 September 2023, payments of cost-recovery activities are made in advance for services to be rendered to internal and external clients, and outstanding receivables balances should be paid within 30 days.

101. There was a total amount of $47.55 million in 10RCR receivables as at 31 December 2023, of which $30.02 million was overdue for more than 30 days, with $12.99 million overdue for more than 180 days. Through a trend analysis, the Board noted that the outstanding amount of 10RCR receivables had increased significantly in recent years, as shown in table II.15.

Table II.15
Trend of 10RCR receivables
(Millions of United States dollars)

Financial year	*2021*	*2022*	*2023*
Total receivables	22.85	34.81	47.55
Receivables overdue	17.38	16.26	34.10
Receivables overdue more than 30 days	8.36	13.01	30.02
Receivables overdue more than 180 days	4.31	4.72	12.99
Receivables overdue more than 1 year	2.04	2.13	2.38

Source: Data from business intelligence and the ERP Central Component in Umoja.

102. The Board conducted a structural analysis of the 10RCR receivables and identified the top five service providers and business partners, as shown in table II.16.

Table II.16
Top five service providers and business partners
(Millions of United States dollars)

Service providers	*Fund centre No.*	*Amount*	*Business partners*	*Amount*
Payroll Billing STARS Cost	11066	15.20	UNDP, Headquarters	20.19
Department of Operational Support, Division of Administration, Facilities and Commercial Activities Service, rental and leased buildings	18282	6.96	UNICEF, Headquarters	7.15
Payroll Billing Payroll Cost	11064	3.95	WHO, Headquarters	2.73
United Nations Office at Geneva, Office of the Director of Administration	15400	2.51	UNHCR-Hungary	1.77
UNAMA, Engineering and Facilities Management	10726	1.77	UNFPA, Headquarters	1.55

Source: Data from business intelligence and the ERP Central Component in Umoja.
Abbreviations: UNAMA, United Nations Assistance Mission in Afghanistan; UNDP, United Nations Development Programme; UNFPA, United Nations Population Fund; UNHCR, Office of the United Nations High Commissioner for Refugees; UNICEF, United Nations Children's Fund; WHO, World Health Organization.

103. The Board was informed that the Department of Management Strategy, Policy and Compliance had continued to make active attempts to collect overdue receivables. The Department had sent monthly statements to the agencies relating to their outstanding receivables, urging them to pay their dues to bring their accounts up-to-date, and had reached out to agencies with the largest receivables to request prompt payment. The Department expected a decrease in the current outstanding receivables and had also notified service providers of their monthly receivables, while service-providing entities/departments were responsible for the collection of receivables. However, the Department had not issued collection guidelines or included receivables collection in key performance indicators, and service providers had not taken timely or effective measures to collect overdue amounts.

104. The Board is concerned that the non-collection of overdue receivables may affect the efficiency of the 10RCR fund.

105. **The Board recommends that the Administration guide responsible entities to conduct a comprehensive review of the receivables in the 10RCR fund and actively attempt to collect overdue receivables.**

106. The Administration accepted the recommendation.

4. Budget management

107. The United Nations budget includes the programme budget and peacekeeping operation budgets. In 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. According to the proposed programme budget for 2023 and the corresponding Assembly resolution, the total appropriations for 2023 approved by the Assembly amounted to $3.39 billion, the estimates for other assessed resources amounted to $377.6 million and extrabudgetary resources were estimated at $13.2 billion.

108. In its first reports on the proposed programme budget for 2023 (A/77/7) and 2024 (A/78/7), and in its financial performance report on the programme budget for 2022 (A/78/330), the Advisory Committee on Administrative and Budgetary Questions focused on budget-related topics, including the presentation of proposed requirements, such as the capital expenditure and income section, budget implementation and clarity of information. In the light of the Advisory Committee's focus, the Board continued its review of budget formulation, implementation and disclosure and noted the issues outlined below for further improvement.

(a) Budget formulation of income from rental of premises and management of spendable revenue

109. The General Assembly, in its resolution 78/252, endorsed the conclusions and recommendations contained in the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2024 (A/78/7) that the Secretary-General include in the supplementary information the total income of the Organization, by section, for every category of revenue reported under income section 2 and the justifications for the spendable resources by section of the budget, and present clear information on what constitutes maintenance and administrative costs under rental income and the methodology for calculation, as well as a comprehensive picture of maintenance costs at all locations and how they are divided between section 33 and the spendable component of rental rates. The Board noted the following issues:

(i) Incomplete budget information on rental income in the proposed programme budget

110. In practice, income from rental of premises was classified as spendable rental revenue to cover maintenance and administrative costs, and non-spendable rental revenue under income section 2, which will be returned to Member States in accordance with financial regulation 3.3 of the Financial Regulations and Rules of the United Nations.

111. The Board reviewed income section 2 of the proposed programme budget and noted that only non-spendable rental revenue had been included in the amount of $12.30 million, $11.15 million, $10.34 million and $11.55 million, respectively, from 2020 to 2023. Moreover, the estimated spendable rental revenue had not been disclosed. The Board also noted that, in the instructions and the related templates sent by the Department of Management Strategy, Policy and Compliance to entities for the budget formulation of income section 2, General income,[1] only net income estimates had been required.

[1] Income section 2, General income, includes income from rental of premises, reimbursement for services, bank interest, income from the sale of used equipment, refunds of previous years' expenditures, contributions of non-member States, television and similar services, and miscellaneous income.

112. The Administration explained that the non-spendable rental revenue that had been proposed under income section 2 was the net rental income required in regulation 3.3. The estimated non-spendable revenue should correspond to the estimated net revenue, and the estimated spendable revenue should correspond to the estimated expenditures required for the same budget period.

113. The Board is of the view that, even if the spendable revenue was deducted entirely as the estimated expenditures, it should be listed separately in the proposed programme budget. In fact, not all of the spendable revenue was used. For instance, from 2020 to 2023, the United Nations Office at Nairobi accumulated $14.69 million in spendable rental revenue,[2] $6.93 million in accumulated actual expenditure and a surplus of $7.76 million.

114. The Administration further explained that the surplus from spendable rental revenue would cover in part a multi-year plan for capital assets and 170 more projects for sustaining the capacity of the United Nations complex in Nairobi, of which an assessment exercise had been undertaken in 2022. The Administration would continue to review and update the requirements and estimates submitted.

115. The Board is concerned that the non-disclosure of the estimated spendable revenue would lead to incomplete budget information on rental income in the proposed programme budget.

116. **The Board recommends that the Administration improve the presentation of budget resources under income section 2 to ensure more transparency of budget information with regard to spendable revenue and expenditure.**

117. The Administration accepted the recommendation.

(ii) Lack of a clear policy guide on spendable revenue from rental of premises

118. In section II.C, entitled "Objective and scope", of the cost-recovery policy and guidelines updated on 1 September 2023 and reviewed on 28 April 2024, it is stated that rental of premises are out of scope, as specific guidance on those matters will be provided in detail in a separate policy guide document.

119. However, the Board noted that no specific policies for rental of premises had been issued to specify the basis, standards and calculation methodologies of determining the spendable revenue or how its usage could be managed and monitored. The related issues are detailed as follows:

(a) Lack of policies on guiding the retention of spendable revenue;

(b) Lack of policies on monitoring the usage of spendable revenue.

120. The Board reviewed the total actual spendable rental revenue and noted that, from 2020 to 2023, there was $24.53 million, $19.46 million, $23.43 million and $24.33 million in spendable revenue retained by 17 United Nations entities as reported in volume I, accounting for 69.5 per cent, 65.3 per cent, 70 per cent and 67.9 per cent of the gross rental income, respectively, as shown in table II.17.

[2] Including $1.7 million in other relevant income, which was used together with spendable rental revenue.

Table II.17
Classification and proportion of rental revenue, 2020–2023
(Millions of United States dollars)

Year	*2020*	*2021*	*2022*	*2023*	*Total*
Spendable revenue	24.53	19.46	23.43	24.33	91.75
Non-spendable revenue	10.76	10.32	10.03	11.51	42.62
Total	**35.29**	**29.78**	**33.46**	**35.84**	**134.37**
Spendable revenue ratio (percentage)	69.5	65.3	70.0	67.9	68.3
Non-spendable revenue ratio (percentage)	30.5	34.7	30.0	32.1	31.7

Source: Data from eight rental-related general ledger accounts in Umoja.

121. Although the spendable portion was approved on a case-by-case basis, the contents and scope approved varied, and there was a lack of clear principles and guidance to follow, namely:

(a) The retained ratios varied among respective entities. The Board analysed the spendable rental revenue from 2020 to 2023 and noted that, besides United Nations Headquarters, the retained ratio of spendable component for the top six entities – the United Nations Office at Nairobi, UNAMA, the Economic and Social Commission for Asia and the Pacific (ESCAP), the Economic Commission for Africa (ECA), the United Nations Office at Geneva and the Economic Commission for Latin America and the Caribbean (ECLAC) – varied, from 28.8 to 93.8 per cent of gross rental income. The total rental income retained by United Nations Headquarters and the above-mentioned six entities was $89.11 million, with an average retained ratio of 67.8 per cent;

(b) Spendable components of rental income varied among respective entities. The rental income consisted of basic rent, utilities, maintenance services and administrative expenses, each of which could be classified as spendable revenue and non-spendable revenue of different entities. For example, with regard to the lease-out of self-owned premises, basic rent was not retained by United Nations Headquarters, ECA and ESCAP, while rental income from maintenance services, administrative expenses and most of the utilities was retained as spendable revenue. In the case of the United Nations Office at Nairobi, 30.9 per cent of basic rent and all the rental income from utilities was retained as spendable revenue. As for the United Nations Office at Geneva, 57 per cent of basic rent and all the rental income from maintenance services and utilities was retained as spendable revenue. In the case of ECLAC, 63 per cent of basic rent and all the rental income from maintenance services was retained as spendable revenue. As for UNAMA, 99 per cent of basic rent and all the rental income from administrative expenses and utilities was retained as spendable revenue.

122. The Board focused on the rental of self-owned premises and noted that the premises of the United Nations Office at Nairobi were all self-owned and that 43,300 square metres had been leased out in 2023. As stated in the memorandum approved on 16 January 2023, based on the rental study, the basic rent of the Office was $152 per square metre per year, of which $47.09 was retained, accounting for 30.9 per cent of the basic rent. In addition, the utilities were charged at $30 per square metre, all of which was retained. Notwithstanding the approval, there were no clear policies on the management and oversight of the retention, and the following issues were noted:

(a) There was a significant amount of unencumbered balance of spendable rental revenue. From 2020 to 2023, the United Nations Office at Nairobi had an accumulated balance of $7.76 million in spendable rental revenue, accounting for 53 per cent of the spendable rental revenue. The Board is of the view that such a significant unencumbered balance of the spendable revenue indicates that not all spendable revenue was incurred as expenditures, leading to underestimated net rental income in the proposed programme budget;

(b) The actual expenditure of spendable revenue exceeded the scope as proposed in budget documents. The $6.93 million in accumulated actual expenses incurred by the United Nations Office at Nairobi from 2020 to 2023 consisted of $0.68 million for building maintenance, $3.15 million for utilities, $1.13 million for donation/transfer, $0.85 million for staff related costs, $0.52 million for acquisitions of goods and $0.6 million for other expenses, which exceeded the scope of using spendable revenue to fund some of the urgent maintenance and renovation requirements in the space occupied by the Office's tenants, as stated in the proposed programme budget for income section 2 (A/75/6 (Income sect. 2) and A/76/6 (Income sect. 2));

(c) Using spendable revenue as a supplement for regular budget resources, the Board noted that, as reported in volume I, $24.33 million was retained in 2023 as spendable rental revenue for the purpose of maintenance and improvement of premises. Moreover, the regular budget resources were proposed for the same purpose under the budget classes of general operating expenses and improvement of premises in various budget sections. For example, the approved regular budget for improvement of premises under section 33 in 2023 was $6.04 million, with actual expenditure of $2.72 million and a surplus of $3.32 million. In the other sections, under the budget class of improvement of premises, the approved budget for 2023 was $2.88 million, while the actual expenditure was $0.54 million and the surplus was $2.34 million. The Board noted that there was no clear division of how regular budget resources and spendable revenues were used for the maintenance requirements of rented areas.

123. The Administration explained that the rental portfolios and cost structures of the different entities were different, and it would therefore not be practical to apply a uniform ratio in the determination of spendable versus non-spendable rental income.

124. The Administration further explained that the Office of Programme Planning, Finance and Budget was organizing a working group to develop policy guidance related to rental of premises, which would cover various topics, including spendable and non-spendable revenue and the use of rental income.

125. While acknowledging that variations among entities may be a result of the different rental portfolios and cost structures of different entities, the Board holds the view that it is necessary to develop policies to regulate practices and guide entities to retain spendable revenue and strengthen the management of its usage.

126. Given the high accumulated surplus retained from spendable revenue, the Board is concerned that some spendable portion thereof might be unreasonable and insists that all spendable revenue be managed in accordance with a clear policy guide.

127. **The Board recommends that the Administration develop a clear policy guide on spendable rental income and specify the purpose, standards and methodology for calculation of the retention of spendable revenue, as well as its usage, scope and oversight.**

128. The Administration accepted the recommendation.

(b) Budget implementation

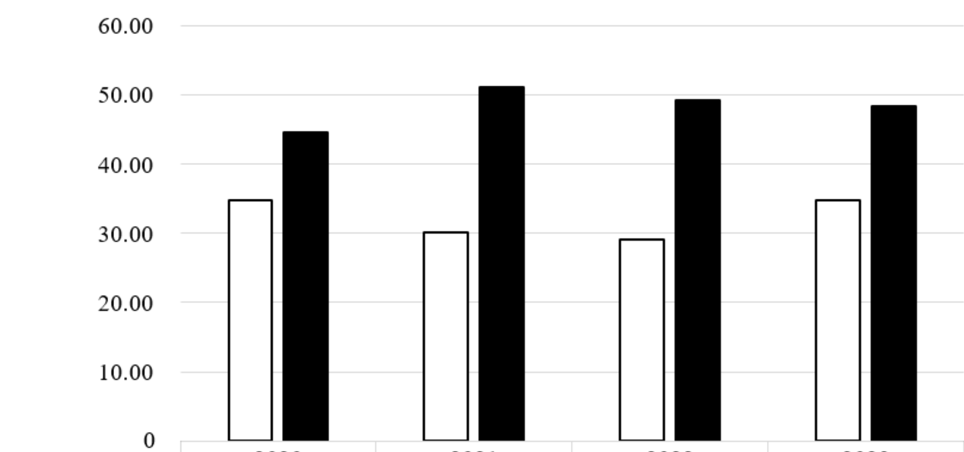
129. The General Assembly, in its resolutions 76/245 and 77/262, requested the Secretary-General to continue to strengthen internal controls in programme planning, budgeting, implementation, monitoring and evaluation, and reporting. Moreover, it is specified in rule 101.1 of the Financial Regulations and Rules of the United Nations that, in the application of the Financial Regulations and Rules, officials should be guided by the principles of effective and efficient financial management and the exercise of economy.

(i) Continuous overexpenditure on communications and information technology equipment for some special political missions

130. In its previous reports (A/77/5 (Vol. I), chap. II, paras. 116–122, and A/78/5 (Vol. I), chap. II, paras. 77–91), the Board noted the overexpenditure on furniture and equipment and recommended 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.

131. The Board continued its review in this regard and noted that, from 2020 to 2023, furniture and equipment had overexpenditure for four consecutive years, as shown in figure II.III, and had the largest overexpenditure, of $64.07 million, among all budget classes, accounting for 50 per cent of its accumulated approved appropriation.

Figure II.III
Budget appropriation and actual expenditure for furniture and equipment, 2020–2023
(Millions of United States dollars)



	2020	2021	2022	2023
Appropriation	34.85	30.18	29.17	34.84
Expenditure	44.53	51.06	49.21	48.32

Source: Information extracted from the financial performance report and Umoja.

132. Further data analysis from Umoja revealed that, from 2020 to 2023, 62 per cent of the accumulated overexpenditure amount for furniture and equipment came from two sections, including an amount of $32.34 million under political affairs (section 3) and $7.14 million under Office of Information and Communications Technology (section 29C), accounting for 51 per cent and 11 per cent, respectively. For section 3, 96 per cent of the overexpenditure came from special political missions.

133. The Board then sampled 13 larger special political missions, including UNAMA, UNAMI and 11 cluster III special political missions from 2021 to 2023, and noted that the accumulated overexpenditure for furniture and equipment was $27.63 million, with $8.05 million, $15.03 million and $4.55 million in each year, respectively.

134. The Board further analysed the peacekeeping-format budget subclass of communications and information technology equipment for the sampled 13 special political missions and noted that the accumulated overexpenditure was $17.92 million from 2021 to 2023, accounting for 65 per cent thereof for furniture and equipment. In 2021, 11 special political missions had overexpenditure of $4.99 million (or 4.17 times the approved budget). In 2022, 12 special political missions had overexpenditure of $8.86 million (or 3.72 times the approved budget). In 2023, seven special political missions had overexpenditure of $5.55 million (or 4.62 times the approved budget).

135. Six special political missions – the United Nations Verification Mission in Colombia, UNAMI, the United Nations Assistance Mission in Somalia, the United Nations Mission to Support the Hudaydah Agreement, the United Nations support team to the Cameroon-Nigeria Mixed Commission, and the United Nations Office for West Africa and the Sahel – showed overexpenditure for three consecutive years, with a cumulative amount of $8.24 million.

136. As an example, UNAMA had accumulated overexpenditure amount of $6.34 million under communications and information technology equipment, accounting for the largest portion (35 per cent) of accumulated overexpenditure among 13 special political missions. In 2023, the initial plan was to replace 360 computers, but only 150 computers were proposed, amounting to $258,750, according to the prioritized requirements and the annual budget envelope. By the end of the year, 505 computers were actually procured, amounting to $929,340.80, of which $670,590.80 was redeployed from air operations and other similar budget lines.

137. The Administration stated that the Financial Regulations and Rules of the United Nations allowed redeployments and that reporting had been strengthened by including detailed variance analyses for each mission and at the class level in the supplementary information. The Administration also explained that, in the current budget guidance, special political missions were expected to liaise with the Office of Information and Communications Technology to review ICT resource proposals prior to the submission of budget proposals to the Office of Programme Planning, Finance and Budget.

138. While acknowledging the improvements made by the Administration, the Board is of the view that the trend of overexpenditure for communications and information technology equipment persists in the sampled 13 larger special political missions, with the relatively large overexpenditure amount from 2021 to 2023, which may indicate that the respective budgeting under communications and information technology equipment during the annual budget cycle needs to be strengthened by requesting a demand plan to be used as the basis in the budgeting process and collaboration with different offices.

139. **The Board recommends that the Administration update the budget guide to request respective special political missions to conduct a comprehensive analysis of their own communications and information technology equipment demand plan and to align the plan with budget proposals and implementation in the future.**

140. The Administration accepted the recommendation.

(ii) Weakness in the budget management of major maintenance projects

141. According to the budget guide and the 2023 proposed programme budget for part XI, capital expenditures, of section 33, construction, alteration, improvement and major maintenance (A/77/6 (Sect. 33)), that section covers the resources proposed for the construction, alteration, periodic maintenance and improvement of and upgrades to facilities, buildings and general infrastructure of the United Nations worldwide.

142. In accordance with the Financial Regulations and Rules of the United Nations, appropriations should be available for commitments during the budget period to which they relate and should remain available for the following 12 months. The expired balance of the appropriations should be surrendered.

143. The Board sampled two major United Nations Headquarters maintenance projects, a water tank replacement project and an exit ramp project, and noted the following issues:

(a) Deviations from the approved budget due to project delays;

(b) $4.74 million in commitments was established without the approved budget and the retention of the remaining balance of $1.54 million was extended.

144. With regard to the water tank replacement project, a total budget of $1.5 million was proposed under section 33 from 2021 to 2023. However, no actual expenditure occurred, while under section 29B, Department of Operational Support, without the approved budget, $69,785 was utilized under the budget class of general operating expenses in 2023.

145. With regard to the exit ramps project, a total budget of $6 million was proposed and approved under section 33 from 2021 to 2023. However, only $1.37 million was actually utilized in 2023, including $1.33 million under section 33 and $42,200.35 under the budget class of general operating expenses of section 29B without the approved budget.

146. With regard to the water tank replacement project, a total of $4.47 million in commitments was established, including $3.44 million under section 29B without the approved budget and $1.03 million under section 33 at the end of each year from 2020 to 2023. By the end of 2023, $1.60 million was utilized, and the remaining balance was $2.87 million, of which $1.49 million was not credited to Member States with the exceptional approval of the Office of the Controller.

147. With regard to the exit ramps project, a total of $4.92 million in commitments was established, including $1.30 million under section 29B without the approved budget and $3.62 million under section 33 at the end of each year from 2020 to 2023. By the end of 2023, $3.23 million was utilized, and the remaining balance was $1.69 million, of which $49,146 was not credited to Member States with the exceptional approval of the Office of the Controller.

148. The Administration explained that the two projects selected by the Board had been considered critical infrastructure upgrade projects and that there had been significant changes in scope, which had resulted in substantial delays in the implementation of the projects and an increase in the total cost. In addition, the current yearly budgeting process had presented various challenges to the undertaking of multi-year capital improvement projects, and it had not been feasible to secure the full cost of the multi-year projects in any given year for a budget submission that had been intended to cover the requirements for the following year only. The estimates could not be expected to be 100 per cent accurate, especially given the complexity and scope of the projects.

149. While acknowledging the complexity and uncertainty of the multi-year projects, the Board is of the view that, from 2020 to 2023, the total budget proposed for the two projects was under section 33 in the amount of $7.5 million, while the total actual expenditure of only $1.33 million was listed under section 33 in 2023, and that there was $4.78 million in expenditure incurred and commitment established under section 29B without the approved budget from 2020 to 2023, which indicates that the approved budget was not strictly implemented.

150. The Administration explained that the Financial Regulations and Rules of the United Nations had been founded in a legacy biennial programme budget that envisaged having two years to plan and implement activities before relinquishing unencumbered balances. For capital projects, including improvements, the absence of multi-year resourcing posed operational challenges. On a highly exceptional basis, the Administration may allow commitments to remain, especially in cases where, if critical infrastructure projects were delayed or temporarily halted, there was a significant safety risk or a significant risk of additional costs to the projects.

151. The Board is of the view that information on the projects' progress and the extended retention of commitments should be disclosed to ensure the transparency of information available to governing bodies.

152. **The Board recommends that the Administration continue to reinforce guidance on multi-year project budget proposals, as well as on budget implementation.**

153. **The Board also recommends that the Administration use an appropriate way to disclose the budget implementation for the two projects, including the extended retention of commitments, to increase information transparency.**

154. The Administration accepted the recommendations.

(iii) Consecutive overexpenditure under the budget section of safety and security

155. The Board analysed the overall approved budget and actual expenditure at the section level from 2020 to 2023 and noted that the total variance amount for sections with overexpenditure trended upward, from $11.70 million in 2020 and $6.76 million in 2021 to $40.23 million in 2022 and $44.64 million in 2023, accounting for 0.38 per cent, 0.21 per cent, 1.23 per cent and 1.31 per cent of the appropriation, respectively.

156. The Board sampled one budget section with overexpenditure in 2023 and noted that, in the Department of Safety and Security, the appropriation was $126.95 million, while the actual expenditure was $130.19 million, with an overexpenditure amount of $3.24 million. In 2022, there was also overexpenditure, in the amount of $2.25 million. Further structural analysis revealed that the overexpenditure resulted mainly from the budget class of other staff costs, of which the overexpenditure amount was $3.07 million and $2.81 million, respectively, in 2022 and 2023.

157. The Board then analysed the subclass of overtime and night differential, which was the main expenditure of the budget class, and noted that, of the 24,881 overtime records for 318 individuals, 121 individuals had exceeded a total annual overtime duration of 480 hours, which was not in line with the Staff Regulations and Staff Rules, including provisional Staff Rules, of the United Nations (ST/SGB/2023/1), and that the highest recorded annual overtime had reached 1,038.5 hours, equating to more than 86 hours per month. The Board also noted that, of the 24,881 overtime records, 4,726 were not in line with the Staff Regulations and Staff Rules, resulting in overpayment of $491,969.

158. The Board is of the view that excessive overtime under other staff costs is not in line with the related Staff Regulations and Staff Rules and is concerned that inaccuracies in the calculation of overtime for other staff costs may be not in the best interest of the Organization.

159. The Administration explained that the regular budget of the Department of Safety and Security had a structural funding insufficiency and that the reason for the overexpenditure was that the department had not been budgeted at the appropriate level.

160. The Board is of the view that the Department of Safety and Security has had continuous overexpenditure under the budget class of other staff costs since 2016, except for in 2020 and 2021 due to the COVID-19 pandemic, and that additional regular budget resources have been required through budget redeployment from other budget sections, which have been submitted by the Department and approved by the Office of the Controller.

161. The Board is concerned that the submission and approval of additional regular budget resources redeployed from other sections to cover other staff costs may require more adequate justification and be further reviewed.

162. The Organization further updated the Board that the Department of Safety and Security had reviewed and taken the steps necessary to rectify the time entries resulting in payroll recoveries for affected staff members. The Department had implemented quarterly reviews of overtime entries for validation purposes, and staff were reminded regularly to review and verify their monthly time and attendance records.

163. **The Board recommends that the Administration ensure that overtime is calculated correctly to avoid overpayment and continue to provide adequate justification when requiring respective additional regular budget resources.**

164. The Administration accepted the recommendation.

(c) Budget disclosure

Additional disclosure for projects requiring alteration, upgrades and major maintenance

165. The General Assembly, in its resolution 77/262, endorsed the conclusions and recommendations contained in the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2023 (A/77/7) that the Secretary-General make greater efforts to enhance the presentation of the requirements for capital expenditures, and that future budget proposals should be supported by more comprehensive, clear, detailed and consistent information, at the project level.

166. In its first report on the proposed programme budget for 2022 (A/76/7), the Advisory Committee on Administrative and Budgetary Questions trusted that the Secretary-General would provide more detailed and updated information on the status and costs of repairs of the Economic and Social Commission for Western Asia (ESCWA) building, inclusive of the amounts covered by or to be recovered from insurance, following the explosion at the port of Beirut, as well as information on mitigation measures for similar events at other duty stations.

167. The Board sampled the building renovation project at ESCWA, in Beirut, and noted that 13 contracts had been signed for the renovation of the building from 2019 to 2023, with a total initial cost of $6.71 million. Actual expenditure of $7.45 million was consumed in different budget sections, including: (a) $2.26 million funded by insurance claims in May 2023; (b) $1.81 million allocated from the special fund

commitment in 2020, following the explosion, to facilitate the urgent and critical repair; (c) $1.68 million from the budget class of contractual services under section 22, Economic and social development in Western Asia; (d) $0.23 million from the budget class of general operating expenses under section 22; (e) $1.16 million under section 33; and (f) $0.31 million from the cost-recovery fund. The Board also noted that detailed and updated information on the status and cost of the repairs to the building had not been disclosed in the proposed programme budget and the financial performance report.

168. A similar observation was made regarding other projects requiring alteration, upgrades and major maintenance under section 33, including the above-mentioned water tank and exit ramp projects at United Nations Headquarters.

169. The Board is concerned that, with the actual expenditure listed under section 22 and section 33 separately, there is insufficient disclosure of the status and costs of repairs of the building in Beirut, making it difficult to give the legislative bodies a complete picture of the budget implementation and resource use on the projects to review and monitor.

170. **The Board recommends that the Administration continue to reinforce guidance on multi-year project budget proposals to ensure that all budget information on specific projects is disclosed in a more coherent and consistent way.**

171. The Administration accepted the recommendation.

5. Cash and investment management

172. To enable centralization of cash management at the United Nations and reduce transactional costs, cash pooling was introduced, whereby funds are consolidated into house bank accounts. 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, as well as for supporting the opening and closing of bank accounts worldwide.

173. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. The pooled funds are combined into two internally managed cash pools, the main pool and the euro pool. The Treasury also provides investment services for United Nations Staff Mutual Insurance Society against Sickness and Accident funds. The United Nations Treasury is responsible for investment and risk management for the cash pools in accordance with the investment management guidelines. An investment committee periodically evaluates investment performance and assesses compliance with the guidelines and makes recommendations for updates thereto.

174. On 1 January 2023, the application of IPSAS 41: Financial instruments, led to the reclassification of all cash pool investments, as well investments held by the United Nations Staff Mutual Insurance Society against Sickness and Accident, from fair value through surplus or deficit to the fair value through net assets/equity category. As at 31 December 2023, the cash pools held total assets of $11,548.7 million (2022: $11,886.4 million), of which $5,324.4 million (2022: $5,608.0 million) was due to the United Nations as reported in volume I, and its share of revenue from cash pools was $247.5 million (2022: $21.9 million).

(a) Selection of investment counterparties in need of further improvement

175. The United Nations Investment Management Guidelines document the Treasury's investment management policies for the cash pool, and credit rating criteria and certain limits for investment assets are set out in the annex to the

Guidelines. For example, recommended banks for time deposits and certificates of deposits are subject to minimum credit rating and limits requirements.

176. In its report (A/76/5 (Vol. I), chap. II, paras. 117–120), the Board noted some cases in which the reasons for excluding certain investment counterparties had not been sufficiently documented, and recommended that the Administration set out specified criteria used in addition to the existing minimum criteria for the selection of trading counterparties and to ensure that the decision-making process was well documented.

177. The Board continued its review in this regard and noted that a total of 130 banking groups met the minimum credit rating requirement, while only 41 banking groups were included in the list of Treasury-recommended banks for deposits. The Treasury informed the Board that, in practice, additional criteria, including financial data, United States dollar funding needs and rates, and the settlement processes of the counterparties, had been applied in counterparty selection.

178. The Investment Management Guidelines also require a regular review of treasury-specific limits approximately every three months for the list of recommended banks. Since 2021, the following changes have been made: (a) the removal of one bank due to a rating downgrade; and (b) the addition of one new bank at the April 2024 investment committee meeting. Moreover, the Board noted that some of the listed banks were less active. For example, two banks had no deposit transactions between 2021 and 2023, and two other banks had no deposit transactions in 2023. The Board was informed that those banks may not be offering competitive rates and, of the four banks that were less active for deposit, two were active spot foreign exchange trading counterparties.

179. The Board is of the view that formalization of further specified criteria employed would help to enhance the transparency of counterparty selection.

180. **The Board recommends that the Administration formalize the criteria for selecting investment counterparties, in addition to the existing criteria, to enhance transparency and ensure that the decision-making process is well documented.**

181. The Administration accepted the recommendation.

(b) Differences in foreign currency exchange counterparty credit criteria

182. The United Nations foreign exchange policy documents the Treasury’s foreign exchange trading policies and procedure. The United Nations foreign currency hedging and budget rate-setting guidelines detail foreign currency hedging methodology, roles and transaction guidelines. Foreign currency hedging transactions are governed by the provisions of the Financial Regulations and Rules, the United Nations foreign exchange policy and the guidelines.

183. The Board noted that some provisions in the above-mentioned policies and guidelines needed to be reviewed and updated. First, the United Nations foreign exchange policy provides that counterparties must have minimum long-term ratings of A, A2, while the minimum long-term ratings for one-to-two-year forward transaction counterparties are A-, A3, according to the foreign currency hedging guidelines. Forward contracts are traded for the purpose of foreign currency hedging and only with counterparties where International Swaps and Derivatives Association agreements are in place. As forward transactions typically entail higher counterparty risk compared with spot transactions, the Board considers that the rating requirements for forward transaction counterparties should not be lower than those for overall foreign exchange counterparties. Second, the wording “credit ratings are prioritized in the following order: S&P, Moody’s, and Fitch” may lead to the misinterpretation

that there is a priority for credit rating selection, whereas in practice there is not. Lastly, under the foreign currency hedging guidelines, only ratings from S&P and Moody's are stated as rating references, whereas in practice ratings from S&P and Moody's, as well as from Fitch, can be used as references.

184. The Board is of the view that the reconciliation of credit rating criteria across policy documents would help to prevent misinterpretation of counterparty selection criteria.

185. **The Board recommends that the Administration review and update the relevant policy documents to better clarify the credit rating criteria for foreign currency exchange counterparties.**

186. The Administration accepted the recommendation.

6. Defined end-of-service liabilities

187. As disclosed in note 18 to the financial statements of the operations of the United Nations as reported in volume I, the defined end-of-service liabilities amounted to $5.34 billion as at 31 December 2023, which comprised $4.75 billion (89 per cent) for after-service health insurance, $0.34 billion (6.4 per cent) for repatriation benefits and $0.25 billion (4.6 per cent) for unused annual leave. The measurement of these obligations was based on the actuarial valuation report prepared by an external actuary in 2024. Defined benefits liabilities under the regular budget are unfunded, with their costs budgeted and provided using a pay-as-you-go approach. Liabilities under extrabudgetary resources are funded in part with two reserve funds totalling $451.18 million, representing 38.8 per cent of the accrued liabilities.

(a) Policy for and management of reserve for end-of-service liabilities funded by extrabudgetary resources are in need of improvement

188. In accordance with note 18 to the financial statements, the accrued liabilities under extrabudgetary resources as at 31 December 2023 amounted to $977.76 million, $107.35 million and $77.46 million for after-service health insurance, repatriation benefits and annual leave, respectively.

189. The Board conducted a policy review of the reserve management of end-of-service liabilities (including after-service health insurance) and noted that the Organization had developed separate reserve policies for after-service health insurance and repatriation benefits, while no reserve had been set up for annual leave. As from 1 January 2017, the Organization began to accrue 3 per cent on gross salary plus post adjustment for staff funded from extrabudgetary resources to cover the Organization's after-service health insurance liabilities related to these staff members. The rate was subsequently increased to 6 per cent on 1 January 2019. In addition, the Organization accrues 8 per cent on gross salary less staff assessment for staff funded from extrabudgetary resources to cover the Organization's repatriation grant liabilities. As at 31 December 2023, the amounts of the above-mentioned reserve funds were $250.90 million and $200.28 million, respectively, and there was no reserve for annual leave, as shown in table II.18.

Table II.18

Funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2023

(Thousands of United States dollars)

Attributable to extrabudgetary resources	*Liability*	*Funded*	*Unfunded*	*Percentage of liability funded*
After-service health insurance	977 763	250 896	726 867	25.7
Repatriation benefits	107 354	200 278	–	186.5
Annual leave	77 457	–	77 457	–
Total	**1 162 574**	**451 174**	**804 324**	**38.8**

Source: Data from the financial report on the operations of the United Nations as reported in volume I for the year ended 31 December 2023.

190. The Administration indicated that these accrual rates were determined by the Organization on a holistic basis to provide for the end-of-service liability, taking into account the cumulative total of the unfunded end-of-service liability in accordance with the annual reports provided by a professional external actuarial consultancy firm. However, there was insufficient explanation for the rationale and related assumptions in determination of those rates. Therefore, the Board could not conduct further analysis of the appropriateness of the accrual mechanism.

191. Furthermore, the Board noted that the current policy for the accrual and adjustment of end-of-service reserves needed review and formalization. For instance, according to an inter-office memorandum issued in 2004 on the repatriation grant, the Administration had noted the excessive nature of the 8 per cent accrual rate and welcomed proposals either to reduce or restrict this levy after several years or to extend its use. The Administration informed the Board that it had discussed potential approaches to addressing the overfunded position for repatriation benefits, but no specific adjustment measures had been proposed or implemented. The situation of the overfunded position persisted with the continuous application of the 8 per cent accrual rate, leading to overfunding of $92.92 million (or 86.6 per cent) at the end of 2023, as outlined in table II.19, whereas no funding was provided for annual leave liability of $77.46 million.

Table II.19

Liability and funding for repatriation benefits, 2020–2023

(Thousands of United States dollars)

Fiscal year	*Liability for repatriation benefits*	*Funding for repatriation benefits*	*Overfunded amount*	*Percentage as liability (percentage)*
2023	107 354	200 278	92 924	186.6
2022	91 385	171 013	79 628	187.1
2021	109 766	152 538	42 772	139.0
2020	78 963	136 127	57 164	172.4

Source: Data from the financial report on the operations of the United Nations as reported in volume I.

192. **The Board recommends that the Administration conduct a comprehensive review of the current policy for and management of the reserve for end-of-service**

liabilities under extrabudgetary resources, including reserve accrual and adjustment methods, to ensure that funding is maintained at a reasonable level.

193. The Administration accepted the recommendation.

(b) Specific investment strategy required for end-of-service liability reserve funds

194. In 2021, the Board highlighted the issue of the lack of specific investment strategy and guidelines for long-term or midterm trust funds in the main cash pool, in particular those related to end-of-service employee benefits (A/76/5 (Vol. I), chap. II, paras. 111–114).

195. The Board continued its review in this regard and noted that, as at 31 December 2023, the amount of reserve funds for after-service health insurance and repatriation benefits under extrabudgetary resources were $250.9 million and $200.28 million, respectively, compared with the total amount of $360.82 million at the end of 2022, an increase of $90 million. However, the Administration had not formalized the specific investment strategies for those long-term funds, and the reserves were invested by the United Nations Treasury along with other funds in the main cash pool.

196. The Board also noted that, in accordance with the investment strategy and guidelines of the United Nations Treasury, the approved investment duration range for the main cash pool for 2023 was 0.6 to 1.0 year. However, the estimated duration for after-service health insurance and repatriation benefits were 21 and 8 years, respectively.

197. With regard to the actual financial performance of those end-of-service funds, the Board noted that the realized rate of return of the main pool was 4.22 per cent in 2023 in comparison with the discount rates of 4.1 per cent and 4.95 per cent for after-service health insurance and repatriation benefits, respectively, in accordance with the actuarial report in 2023. Further review of previous years' performance data indicated that actual investment returns of the main cash pool often fell below the discount rates utilized in actuarial valuation, as shown in table II.20.

Table II.20
Size and rate of return of end-of-service liability reserves, 2020–2023
(Thousands of United States dollars)

Fiscal year	*Funding for after-service health insurance by year end*	*Funding for repatriation benefits by year end*	*Discount rate – after-service health insurance (percentage)*	*Discount rate – repatriation benefits (percentage)*	*Main pool rate of return (percentage)*
2023	250 896	200 278	4.1	4.95	4.22
2022	189 810	171 013	4.37	5.10	1.57
2021	138 048	152 538	2.35	2.70	0.41
2020	96 086	136 127	2.07	2.15	1.11

Source: Data provided by the Administration.

198. The Board is concerned that significant inconsistencies in terms of structure between the invested assets and the associated liabilities for end-of-service funds might prevent the Organization from obtaining potential economic returns and even risk its being unable to cover the expected liabilities in the future.

199. The Administration explained that a separate investment guideline for extrabudgetary after-service health insurance reserves had been drafted and an asset management institution had been preliminarily identified. Once the investment

guidelines had been approved, procurement steps and contract negotiations would continue, along with the necessary information technology system implementation.

200. **The Board recommends that the Administration expedite the process of formalizing the investment guidelines for end-of-service liability reserves (including after-service health insurance) and engage with the asset management entity to better align assets with respective liabilities.**

201. The Administration accepted the recommendation.

(c) Application of outdated apportionment ratios for after-service health insurance expenditures

202. In its first report on the proposed programme budget for 2023 (A/77/7, para. X.54), the Advisory Committee on Administrative and Budgetary Questions indicated that it had been informed that expenditure for after-service health insurance plans administered by United Nations Headquarters was initially charged to the regular budget and adjusted on the basis of the actual expenditure for the corresponding months, with approximately 15 per cent apportioned to peacekeeping operations and 8 per cent to extrabudgetary resources. The Secretariat had undertaken an exercise to determine the funding source at the time of retirement of each current retiree enrolled in the after-service health insurance scheme, and the exercise had been finalized in early 2022. In August 2023, in its first report on the proposed programme budget for 2024 (A/78/7, paras. X.73–X.76), the Advisory Committee recalled the above-mentioned issue, expressed its concern about persistent delays in the apportionment of funding sources, and recommended that the General Assembly request the Secretary-General to make every effort to keep the ratios under regular review and to precisely reflect the updated demographic composition.

203. In the light of the comments from the Advisory Committee on Administrative and Budgetary Questions, the Board reviewed the allocation of after-service health insurance expenditures among different funding sources in the budget proposal, as well as its financial impact, and noted that the current apportionment ratios (applied in the proposed programme budgets for 2023 and 2024) were 77 per cent for the regular budget, 15 per cent for the peacekeeping budget and 8 per cent for extrabudgetary resources. However, the recalculated apportionment ratios, as provided in the United Nations actuarial valuation report on end-of-service benefits as at 31 December 2021, were 69 per cent for the regular budget, 17 per cent for peacekeeping budgets and 14 per cent for extrabudgetary resources.

204. With regard to its financial impact, the Board noted that, had the recalculated apportionment ratios been applied for the after-service health insurance expenditures of the regular budget, the peacekeeping budget and the extrabudgetary resources, as detailed in tables II.21 and II.22, the actual after-service health insurance expenditures funded by the regular budget would have been lower by $11.85 million and $11.43 million, respectively, in 2023 and 2022, while related expenditures funded by the extrabudgetary resources and the peacekeeping budget would have been higher by $7.23 million and $4.62 million, respectively, in 2023 ($7.01 million and $4.42 million, respectively, in 2022).

Table II.21

Evaluation of the financial impact of the application of old and new apportionment ratios for actual after-service health insurance expenditures, 2022

(Thousands of United States dollars)

	Budgeted appropriation/ allocation	*Actual expenditures allocation*		*Expenditure according to new ratios*		*Variance between expenditures*
		Amount	*Percentage*	*Amount*	*Percentage*	
Regular budget	79 105	76 388	81	64 954	69	11 434
Extrabudgetary resources	6 448	6 163	7	13 179	14	(7 016)
Peacekeeping budget	11 090	11 585	12	16 003	17	(4 418)
Total	**96 643**	**94 136**	**100**	**94 136**	**100**	–

Source: Data in the proposed programme budget for 2023 (A/77/6 (Sect. 32)) and the proposed programme budget for 2024 (A/78/6 (Sect. 32)), including annex II on expenditure.

Table II.22

Evaluation of the financial impact of the application of old and new apportionment ratios for actual after-service health insurance expenditures, 2023

(Thousands of United States dollars)

	Budgeted appropriation/ allocation	*Actual expenditures allocation*		*Expenditure according to new ratios*		*Variance between expenditures*
		Amount	*Percentage*	*Amount*	*Percentage*	
Regular budget	81 512	78 477	81	66 632	69	11 845
Extrabudgetary resources	6 425	6 290	7	13 520	14	(7 230)
Peacekeeping budget	11 830	11 801	12	16 416	17	(4 615)
Total	**99 767**	**96 568**	**100**	**96 568**	**100**	–

Source: Data in the proposed programme budget for 2024 (A/78/6 (Sect. 32)) and provided by the Administration.

205. The Board is concerned that the persistent delay in the application of updated apportionment ratios for after-service health insurance expenditures may lead to some cross-funding subsidization of after-service health insurance expenditures, as well as oversharing by Member States of relevant expenses.

206. The Administration indicated that the change in apportionment ratios entailed more holistic considerations in the context of budget proposals and related distributions on an annual pay-as-you-go basis. Additional considerations were required related to: (a) the sustainability of the financing modality for the extrabudgetary share of annual costs and the funding of after-service health insurance liabilities; (b) consequences and options if the extrabudgetary modality was proven to not be sustainable in the long term; and (c) the potential impact that downscaling and the closure of peacekeeping operations would have on annual after-service health insurance costs. A change to the basis of budget proposals was therefore premature, as further analysis was continuing.

207. **The Board recommends that the Administration expedite the completion of the review of the additional considerations deemed necessary to determine and implement the application of updated distribution rates to allocate after-service**

health insurance expenditures between the regular budget, the budgets for peacekeeping operations and extrabudgetary resources.

208. The Administration accepted the recommendation.

7. Assets management

209. 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 $3.03 billion as at 31 December 2023, representing a 0.8 per cent increase from the prior year's balance of $3 billion. The largest portion of property, plant and equipment comprised land and buildings, which totalled $2.33 billion, or 78 per cent of year-end balances, while assets under construction totalled $0.47 billion, or 16 per cent.

(a) Inaccurate data in Umoja indicate that improvement is needed in equipment management

210. In a previous audit (A/76/5 (Vol. I), chap. II, paras. 153–159), the Board noted instances of deficiency in equipment management. For example, some computers had never been distributed for use and had exceeded their service life, some desktops had never been distributed and were awaiting disposal, and some computers awaiting disposal had been used for fewer than two years (50 per cent of their service life). The Board recommended that the Administration, in coordination with the relevant department or office, analyse the reasons for idle assets and take more proactive measures. The Advisory Committee on Administrative and Budgetary Questions concurred with the Board's recommendation and stressed the importance of concerted and proactive measures to avoid further waste, obsolescence and additional costs. In response to the concerns raised by the Advisory Committee, the Board continued its review and analysed data from the Umoja system.

211. The Board noted that, according to data in Umoja, during the period from 2015 to 2023, 6,314 unused equipment items, with an acquisition value of $10.46 million, had been disposed of. As at 31 March 2024, 11,786 equipment items acquired from 2011 to 2022, with an acquisition value of $30.6 million, had not been distributed for use for more than two years after their acquisition. Of those undistributed items, 2,557 items, amounting to $3.63 million, had already exceeded their service life. Moreover, during the period from 2018 to 2023, 2,711 pieces of equipment, with an acquisition value of $17.72 million, had been disposed of, while those items had been used for less than 50 per cent of their service life.

212. The Administration attributed these issues mainly to incorrect equipment status in Umoja. For example, in some cases, equipment had been issued manually without a corresponding update of user records in system. As a result, items marked as idle in Umoja were actually in use, but their user status had not been updated in a timely manner, or there were erroneous records that should have been deleted or inactivated previously.

213. Furthermore, the Administration explained that some equipment had been used for a shorter period than expected for operational reasons, such as excessive damage caused by local climatic conditions, incorrect data migration, incompatibility with current technology standards, internal restrictions and irreparable damage.

214. On a sample basis, the Board conducted detailed tests at UNAMA and noted that 11 pieces of the Mission's ICT equipment, with a total acquisition value of $36,117.28, had been written off between 1 January and 31 December 2023, but had never been assigned for use before the write-off. The Mission explained that the cause was special circumstances. For example, three cable analysers had not been used because of a strategic shift to fibre mode, four printers had not been deployed due to the Mission's goal to minimize the organization's environmental footprint and four

modems had been disposed of due to changes in frequency requirements. UNAMA further explained that efficient controls were in place and that it was making every feasible effort to ensure that there were no deficiencies in equipment management despite challenges, such as environmental concerns, new technologies, supply chain delays, a lack of local repair facilities in Afghanistan and issues related to the migration from Galileo to the Umoja system.

215. During the field visit to United Nations Headquarters, the Board further conducted physical verification at the warehouse for ICT equipment awaiting disposal and the Department of Safety and Security warehouses. The Board noted that most of the laptops in the process of disposal appeared to be new or still usable. Upon sampling 12 laptops that had not been used but were currently being disposed of, the Board found that 10 of them had never had their operating systems activated, indicating that they may have never been assigned for use. The Administration explained that some laptops were being disposed of because they had exceeded their useful life or had been designated for donation, and that those laptops had been wiped clean and installed with a new operating system before donation, giving them a new appearance.

216. At the Department of Safety and Security warehouse, the Board sampled a total of 39 computers and noted that 33 desktops and laptops recorded in Umoja as idle had actually been in use, indicating outdated records in the system. Moreover, six desktop computers purchased in November 2020 had never been assigned to users.

217. The Board is concerned that delays in updating equipment status records in the Umoja system may have a negative impact on the efficiency and effectiveness of equipment management.

218. **The Board recommends that the Administration conduct comprehensive reviews of equipment records to ensure the accuracy of data in Umoja and take proactive measures to avoid the potential waste of assets.**

219. The Administration accepted the recommendation.

(b) Improvements needed in computing device distribution ratio and idle rate management through monitoring of equipment user status and data cleansing in Umoja

220. It is stated in rule 101.1 of the Financial Regulations and Rules of the United Nations that officials should be guided by the principles of effective and efficient financial management and the exercise of economy.

221. As at 31 December 2023, the operations of the United Nations as reported in volume I had 47,707 computers (including notebook and desktop computers, excluding ECA population statistics computers) and 20,104 staff, resulting in an overall computer-to-employee ratio of 2.37, while 6,999 computers (or 15 per cent) had “equipment idle” status.

222. Through a structural analysis by business area (i.e. entity), the Board noted that United Nations Headquarters had the largest portion of computers, the highest computer-to-employee ratio (2.52) and a high idle rate (25.3 per cent).

223. The Board further analysed the computer-to-employee ratio of various United Nations Headquarters departments and offices and noted that one office had the highest ratio (9.15:1), which was relatively high compared with the prescribed distribution ratio of 1:1 for field mission computing devices as set out in the Standard Cost and Ratio Manual. The Board also noted that United Nations Headquarters entities had 16,124 computing devices, of which 4,092 had had idle status as at 31 March 2024. The overall idle rate was 25.3 per cent, with one office having the highest idle rate (52 per cent).

224. The Administration explained that, although there was no specific policy on the computing device distribution ratio at United Nations Headquarters, the standard ratio was understood to be 1:1, as indicated in the Standard Cost and Ratio Manual for field missions. However, additional devices could be issued to staff on the basis of operational requirements, and the Administration clarified that the ratio should be recalculated to include non-employees who were also allocated computing devices.

225. In addition, the Board reviewed the computer-to-employee ratio at special political missions and noted that, as at 31 March 2024, there were 4,309 employees and 6,548 computers configured for the 38 special political missions, resulting in an overall computer-to-employee ratio of 1.52, with the highest ratio of 2.3 at one mission. Furthermore, 998 computers at the special political missions had had idle status as at the same date, with an overall idle rate of 15.2 per cent and the highest ratio reaching 57.55 per cent at one mission, as detailed in table II.23.

Table II.23
Top five special political missions with high idle rates

	Idle rate		
Special political mission	*Number of computers*	*Idle quantity*	*Idle rate (percentage)*
UNOCA	106	61	57.55
Office of the United Nations Special Coordinator for Lebanon	93	41	44.09
UNMHA	215	62	28.84
UNSMIL	553	143	25.86
UNAMA	1216	182	14.97

Source: Data provided by the Administration and summarized by the Board.
Abbreviations: UNAMA: United Nations Assistance Mission in Afghanistan; UNMHA: United Nations Mission to Support the Hudaydah Agreement; UNOCA: United Nations Regional Office for Central Africa; UNSMIL: United Nations Support Mission in Libya.

226. The Board further noted that three special political missions (the United Nations Regional Office for Central Africa, UNAMA and UNSMIL) with computer-to-employee ratios exceeding 1:1 simultaneously had high idle computer rates, which may indicate that computing device management at those missions needs further improvement to avoid waste, obsolescence and additional costs.

227. The Administration explained that the conclusions regarding idle assets drawn from the above-mentioned Umoja data were unreliable, as the related data had not been updated to reflect the current equipment status. Moreover, some equipment data from Umoja were unreliable, as they may have been entered incorrectly. The Administration is currently working to improve equipment assignment data.

228. **The Board recommends that the Administration improve the monitoring of equipment status and the clean-up of data in Umoja to ensure the effectiveness and efficiency of computing devices management.**

229. The Administration accepted the recommendation.

(c) Inaccuracies in intangible assets capitalization

230. In accordance with United Nations corporate guidance for IPSAS, the capitalization threshold for internally generated intangible assets is $100,000, while, for externally acquired intangible assets, it is $20,000 per unit/user.

231. On a sample basis, the Board reviewed supporting documents in relation to the externally acquired and internally developed software/applications of several entities and noted that some met the capitalized threshold, but were not capitalized at the end of 2023, with a total amount of $2.53 million, as follows:

(a) The Department of Political and Peacebuilding Affairs had not initiated the process of operationalizing the guidelines for intangible assets in a long while, and two applications procured in 2022 and 2023 that belonged to the Department, with a total cost of $1.15 million, had not been capitalized;

(b) In December 2023, the Division for Conference Services in Nairobi of the Department for General Assembly and Conference Management launched an application called Cost Calculator, with a total cost of $132,969. This application, customized software developed with the help of a third-party vendor, was in use at the end of 2023. The United Nations Office at Nairobi confirmed that the item was to be capitalized as a non-internally developed intangible asset in 2024;

(c) In 2023, the Department of Operational Support procured a travel document system from vendor A for $1.55 million. The contract, which was reviewed by the Administration, included a $1.25 million one-time design fee for capitalized costs. The intangible asset, which was put into use in November 2023, was capitalized in 2024. The capitalization was not backdated, as the Administration had determined that the change to the net book value was immaterial to the end of the financial year 2023.

232. **The Board recommends that relevant departments/offices enhance user access, guidance materials and monitoring mechanisms to improve the timeliness of intangible asset capitalization to ensure that expenditure is appropriately classified and recorded in Umoja in the future.**

233. The Administration accepted the recommendation while noting that the above-mentioned intangibles were immaterial for financial reporting purposes and that the non-capitalization had no operational implications for these entities.

(d) Inefficient utilization of some websites/applications

234. As set out in the administrative instruction on United Nations website publishing (ST/AI/2022/2), the website and applications registry is a central registry that lists all United Nations applications and websites (referred to as Unite Apps lists). According to the registry, a total of 1,206 applications and websites belonging to the operations of the United Nations as reported in volume I were in use at the end of 2023.

235. On a sample basis, the Board reviewed the development process, as well as utilization status, of those applications or systems, and noted the following issues:

(i) Inefficient utilization of websites/applications

236. The Board reviewed the utilization statistics from May to October 2023 on the Unite Apps lists regarding internal users and noted that 91 applications (13.2 per cent) were used by 10 internal users or fewer and 32 websites (6.19 per cent) were used by 10 internal users or fewer.

237. The Board also noted cases of inefficient utilization of applications. For instance, of the 61 websites/applications in use, ESCAP used Google Analytics to monitor the utilization status of 43 applications. Of 43 systems monitored, 23 websites/applications, with development costs of $790,380 and maintenance costs of $52,380 per year, were used inefficiently, with average views per user below the average engagement time of 3.33 (the number of instances of access per user every six months) and the average level of 1 minute and 15 seconds from May to October 2023.

238. The Board is concerned that those cases of inefficient utilization of software and applications are not in keeping with the principles of effective and efficient financial management and the exercise of economy.

239. **The Board recommends that the Administration strengthen oversight on utilization of websites/applications to improve their efficiency and effectiveness.**

(ii) Development or procurement of software and applications with similar functionalities

240. On a sample basis, the Board reviewed the process of developing software and applications with similar functionalities and noted the following cases of duplicate development or procurement.

241. In April 2021, the Office of Administration of Justice contracted the Office of Information and Communications Technology to develop an application called the case law portal, with development costs of $86,000. Under the contract, the project was aimed at creating an online system to enable the retrieval of all the necessary metadata on judgments. The search portal was officially launched on the website of the Office of Administration of Justice in October 2022.

242. At the same time, another channel on the Office of Administration of Justice website served as the search engine for judgments. This original channel on the official website was integrated into the Office's website, as developed by the Department of Global Communications under a project initiation document between the Office and the Department, which was redesigned in 2017. From 2017 to 2023, the Office had paid $107,233.44 to the Department under annual maintenance contracts, which covered the cost of maintenance of the entire content of the website in all six official languages of the United Nations, not just the search functionality, in accordance with multilingualism requirements.

243. The search features on the original channels, which included the tribunal, issuance type, language, judge, entity location and judgment or order date, were comparatively similar to those features on the case law portal. When reviewing the utilization status of the two search engines, the Board noted that the new channel, namely the portal, was used more frequently by the users. Currently, the portal does not have the capability for searching orders, which have not yet been uploaded.

244. The Office of Administration of Justice recently signed a service-level agreement with the Office of Information and Communications Technology to integrate duplicative functionality as part of phase 3 of the development of its case law portal, which will include the uploading of orders onto the portal. Once the update is complete, the Office of Administration of Justice plans to decommission the search functionality on the website.

245. **The Board recommends that the Administration continue to integrate duplicative system functionalities and data into the further development of new systems under the newly signed service-level agreement with the Office of Information and Communications Technology, thereby enhancing management efficiency and quality.**

246. The Administration accepted the recommendation.

8. Human resources management

247. In its report on financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2022, the Advisory Committee on Administrative and Budgetary Questions recalled that it had previously 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, the United Nations Office for Project Services (UNOPS) and third parties. The Advisory Committee reiterated its serious concern that the concurrence of the Committee had not been sought prior to the establishment of a number of high-level positions funded through extrabudgetary sources, and recommended that the General Assembly request the Secretary-General to take all the measures necessary to avoid the repetition of a similar situation and to ensure full respect of the provisions of Assembly resolutions (A/78/578, paras. 45 and 46).

248. The Advisory Committee on Administrative and Budgetary Questions also expressed concern over posts subject to geographical representation that were encumbered by staff members from overrepresented Member States, trusted that efforts would be intensified to achieve equitable geographical representation of Member States among staff, in line with Article 101, paragraph 3, of the Charter of the United Nations, and reiterated the need for continuous and intensified efforts to achieve equitable geographical representation, including in the resident coordinator system, with a special focus on unrepresented or underrepresented Member States among the staff (A/78/578, para. 75).

249. In its report entitled "Overview of human resources management reform for the period 2019–2020 and an outlook beyond", the Advisory Committee on Administrative and Budgetary Questions expressed its concern about 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, and impediments to achieving equitable geographical distribution and gender balance targets (A/75/765, para. 11).

250. The Board followed up on those concerns and reviewed, inter alia, the reporting of key position information in budget documentation, the use of maintain post incumbency, the management of voluntary contributions project positions, the use of the fixed-term appointment limited modality and temporary appointments, geographical distribution and young professionals programme recruitment and identified deficiencies in need of improvement, as presented below.

(a) Improvement needed in the reporting of general temporary assistance positions at the D-1 level and positions funded by the regular budget vacant for more than two years

251. In the policy on the creation of posts and positions at the D-1 level and above, issued on 21 January 2013, it was stated that, with regard to the regular budget, the General Assembly had requested that it be provided with information on all senior-level positions and on general temporary assistance positions at all levels. It is stated in the budget guide for 2023 that the table with positions at the D-1 level and above, positions funded through extrabudgetary resources, will continue to be provided in the supplementary document. As required by the Assembly, all extrabudgetary positions must be administered and managed with the same rigour as regular budget positions. The Board reviewed the proposed programme budget for 2023 and its supplementary information and noted instances of insufficient reporting, as set out below.

(i) Weakness in reporting on positions at the D-1 level and above

252. In the 2021 audit, the Board noted insufficient disclosure of general temporary assistance positions exceeding one year in duration and recommended that the Administration fully disclose and justify all general temporary assistance positions in the proposed programme budget (A/77/5 (Vol. I), chap. II, paras. 104 and 105).

253. The Board followed up on this recommendation and noted seven general temporary assistance positions at the D-1 level and above that had been established

for more than two years but were not fully reported in the proposed programme budget for 2023.

254. The Administration conveyed that two of those positions (one of the above-mentioned D-1 positions and one D-2 position) were no longer encumbered at the time of drafting of the present report. It also conveyed that, in order to improve the disclosure of information on all continuing general temporary assistance, it had provided enhanced guidance to entities in the budget guide for the preparation of the proposed programme budget for 2025, issued in January 2024, as well as added information (on grade, functional title, date of establishment and justification for the continued need for the position) in the supplementary information provided to the Advisory Committee on Administrative and Budgetary Questions.

(ii) 119 positions funded by the regular budget that were vacant for more than two years were not reported in the proposed programme budget for 2023

255. The Board noted that 291 positions funded by the regular budget had been vacant for more than two years as at 31 May 2022. Compared with the positions vacant for at least two years in the supplementary information for the proposed programme budget for 2023, 119 positions were not reported.

256. The Administration explained that the budget was based on the forecasts. If an entity did not intend to extend positions or the vacancy situation into the following year, they were not to be included. The entities were the owners of their budget fascicle. The Office of Programme Planning, Finance and Budget provided data extracts to entities to facilitate their review. However, the entities were solely responsible for the forecasts on the basis of their knowledge and expertise in their specific budget sections.

257. The Board noted the explanation of the Administration and is of the view that the differences between the estimated and actual vacancies over two years are indicative of the need for more precise estimation in this regard.

258. **The Board reiterates the previous recommendation 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.**

259. **The Board recommends that the Administration remind concerned entities to report long-vacant positions funded by the regular budget in the budget documentation, as required in the budget guide.**

260. The Administration accepted the recommendations.

(b) Shortcomings in the use of the fixed-term appointment limited modality need to be addressed for alignment with new policy guidance

261. In the administrative instruction on administration of fixed-term appointments (ST/AI/2013/1 and ST/AI/2013/1/Corr.1), it is stated that a fixed-term appointment may be granted for a period of one year or more, up to five years at a time, to individuals recruited for service of a prescribed duration having an expiration date specified in the letter of appointment. This includes individuals selected but not reviewed by a Secretariat review body for appointments limited to specific entities.

262. The Board further noted that there was no policy guidance until 20 March 2024 relating to the fixed-term appointment limited modality, which may have contributed to the following deficiencies:

(i) Long-term use of the fixed-term appointment limited modality

263. The Board noted that 915 staff members in United Nations entities as reported in volume I were holding fixed-term appointment limited modality contracts. As at 31 December 2023, 613 had lasted for more than one year, with the longest being 8.5 years, as shown in table II.24.

Table II.24
Duration of staff members holding fixed-term appointment limited modality contracts as at 31 December 2023

Duration	*Number of staff members holding fixed-term appointment limited modality contracts*
More than 8 years	53
5 to 8 years	105
3 to 5 years	110
1 to 3 years	345
Less than 1 year	302
Total	**915**

Source: Data exported from Umoja.

(ii) Long recruitment lead time under the fixed-term appointment limited modality

264. On a sample basis, the Board reviewed the recruitment process for the fixed-term appointment limited modality applied in the Office for the Coordination of Humanitarian Affairs and noted that 62 staff were holding fixed-term appointment limited modality contracts as at 31 December 2023. The Board was informed that the fixed-term appointment limited modality was used when the Office had an urgent operational need to deliver its humanitarian mandate, which was typically at hardship duty stations. Otherwise, the standard recruitment process should be followed.

265. The Board noted, however, that the recruitment duration from advertisement to entry on duty was more than 120 days in 51 cases, accounting for 82.26 per cent. Details are shown in table II.25.

Table II.25
Duration between advertisement to entry on duty in 62 recruitment cases

Duration between advertisement to entry on duty	*Number of staff members*
Fewer than 120 days	11
121 to 240 days	36
241 to 365 days	3
More than 365 days	12
Total	**62**

Source: Data exported from Umoja and Inspira.

266. The Office for the Coordination of Humanitarian Affairs explained that the fixed-term appointment limited modality only reduced the duration from advertisement date to selection date. The duration from selection date to entry on duty was not within its control, as it depended on various factors, such as visa, travel, medical clearance and release date of the selected candidate. The Office for the

Coordination of Humanitarian Affairs further explained that the onboarding timelines were also affected from 2019 to 2021 due to COVID-19 and travel restrictions.

267. The Board is of the view that that urgent need, which served as the basis for adopting this recruitment modality, was not sufficiently met during an expected short period and may result in activities or programmes not being duly conducted or in envisaged outputs not being duly delivered, that a review may be needed to determine the sufficiency of the urgency of the need, and that a standard recruitment process may be followed in cases of non-urgency.

(iii) Non-alignment with standard recruitment procedures

268. The Board was informed that, although there was no detailed policy guidance on the recruitment procedures for the fixed-term appointment limited modality before April 2024, the fixed-term limited modality should follow the standard staff selection procedures as stipulated in the administrative instruction on the staff selection system (ST/AI/2010/3), which commonly include job openings, screenings, written tests, shortlisting, interviews, the central review body process, recommended candidates and selection, with the only exception being the central review body process.

269. On a sample basis, the Board reviewed the recruitment process of the 62 cases in the Office for the Coordination of Humanitarian Affairs and noted the following weaknesses: (a) a job opening was posted in 44 cases, and a temporary job opening was posted in 18 cases where job openings should have been issued; and (b) a written test and an interview were conducted in only two cases, while desk reviews were conducted in 60 cases. For example, a staff member was selected on 7 February 2020 through desk review against a temporary job opening issued on 3 July 2019 for a position (P-4). The position, which should have been established before the job opening was issued, was established on 1 January 2020. The Office for the Coordination of Humanitarian Affairs clarified that a temporary position had been created when the post was advertised in 2019 as part of the 2019 budget cycle, which was only valid until 31 December 2019. A new temporary position was then created on 1 January 2020 in line with the new budget cycle for 2020. The selection against this position was only made after the position had been created. The staff member was then awarded a temporary appointment, on 7 February 2020, and was offered a fixed-term appointment limited modality contract on 1 September 2020 without the issuing of, inter alia, a job opening, a written tests and an interview. The Office for the Coordination of Humanitarian Affairs clarified that that case dates back to 2019 and pre-dated the Office of Human Resources guidance issued on 24 March 2024. At that time, the Office for the Coordination of Humanitarian Affairs had internal guidance on fixed-term appointments, and that recruitment was in line with the above-mentioned guidance. The Office for the Coordination of Humanitarian Affairs updated its guidance in 2020 to clarify that a job opening was required for the issuing of a fixed-term appointment limited modality, which was subsequently updated for the second time in December 2023, prior to the issuance of Office of Human Resources guidance on 24 March 2024. This fixed-term appointment limited modality contract was still valid as at 31 December 2023.

270. The Board is concerned that the inconsistency and lack of clarity in the use of the fixed-term appointment limited modality will lead to a lack of transparency, consistency and competitiveness in the recruitment process.

271. **The Board recommends that the Administration remind entities to review their current practice of using the fixed-term appointment limited modality and reiterate to all entities the need to abide by the recent policy guideline on the fixed-term appointment limited modality.**

272. The Administration accepted the recommendation.

(c) Insufficient progress made in geographical distribution

273. In its previous report (A/78/5 (Vol. I), chap. II, paras. 404–407), the Board expressed concern over the failure to achieve the key performance indicator for geographical distribution and the insufficient geographical representation in entities of the United Nations. The Board continued to follow up on this issue and noted the following:

(a) The number of underrepresented and unrepresented countries had not decreased in the past three years. The Board noted that the number of underrepresented countries in 2021, 2022 and 2023 was 36, 37 and 39, respectively, and that the number of unrepresented countries was 21, 20 and 21, respectively, indicating that insufficient progress had been made in this regard;

(b) The number of geographical posts filled by nationals of some countries was significantly below the lower limit set therefor. The Board reviewed the gap between the number of current staff and the lower limit set for Member States and noted that the gap relating to the top three countries was 178, 87 and 45, respectively, as at 31 December 2023;

(c) Some geographical posts had been vacant for a long duration. Timely filling of the geographical posts will contribute to the improvement of geographical representation. In December 2023, of a total of 3,813 geographical posts, 365 posts were vacant. In all, 95 positions had been vacant for more than one year, with the longest vacancy being 47 months;

(d) The key performance indicator for geographical distribution had not been achieved for three consecutive years. Of a total of 148 geographical appointments in 2023, 53 staff members (35.81 per cent) were from unrepresented or underrepresented countries. That number did not meet the goal of a minimum of 50 per cent appointments of staff members from unrepresented or underrepresented countries against geographical posts, notwithstanding the improvement in the consecutive three years. The percentages in 2021, 2022 and 2023 were 20.11, 21.81 and 35.81 per cent, respectively.

274. **The Board recommends that the Administration ensure a timely recruitment process for geographical posts and ensure that appointments from unrepresented or underrepresented countries are in line with relevant targets.**

275. The Administration accepted the recommendation, noting that the liquidity crisis affected the ability of the Organization to fill vacant regular budget positions.

(d) Geographical posts encumbered by staff without geographical status for a long duration

276. As at 31 December 2023, of a total of 3,813 geographical posts, 365 posts were vacant, 51 posts were encumbered by staff with limited appointments and 237 posts were encumbered by staff with temporarily appointments. In total, 288 posts were occupied by staff without geographical status, of which 132 incumbents were from overrepresented countries.

277. The Board further noted that there were 26 staff members from overrepresented countries occupying geographical positions for over two years, with the longest duration of 102 months – more than eight years.

278. **The Board recommends that the Administration review the incumbency of geographical posts temporarily occupied by staff without geographical status and make the necessary system changes.**

279. The Administration accepted the recommendation.

(e) Weakness in the young professionals programme

280. In accordance with Article 101, paragraph 3, of the Charter of the United Nations, and in order to ensure that the highest standards of efficiency, competence and integrity serve as the paramount consideration in the employment of staff members, with due regard for the principle of equitable geographical distribution, the young professionals programme is designed to recruit junior professionals at the P-1 and P-2 levels through competitive examinations and to provide them with professional development support. It is a special programme designated for unrepresented or underrepresented Member States and those at risk of becoming so. Selection through the young professionals programme involves two main steps: namely, applicants are placed on the roster of candidates after passing an examination, and rostered candidates are appointed to positions. The Board reviewed the implementation of this programme and noted the following weaknesses:

(i) *Lengthy lead time in rostering*

281. The Board reviewed the timeline of the young professionals programme beginning with the rostering of an application and noted that the lead time was nearly more than one year during the period from 2013 to 2022, as shown in table II.26. The programme's rostering process in 2023 was still continuing at the time of the audit. According to the Administration, the 2023 application period for the programme was May to June. However, the testing platform had a technical issue, which led to a second test being arranged and resulted in the delay of the rostering process.

Table II.26
Young professionals programme, average time from application to rostering

Year	*Average time from application to rostering (days)*
2023	Not applicable
2022	308
2021	503
2020	688
2019	807
2018	470
2017	437
2016	404
2015	410
2014	360
2013	332

Source: Data exported from Umoja.

282. **The Board recommends that the Administration map the young professionals programme rostering process to identify the challenges in adhering to the established timeline with a view to expediting the process.**

283. The Administration accepted the recommendation.

(ii) *Lengthy lead time in appointment, and low appointment rates*

284. The Board noted that the average time for appointment from 2021 to 2023 was 466 days, with the longest duration being 1,093 days. In all, 131,296 applicants applied for the young professionals programme between 2013 and 2023, and only 552

(49 per cent) were appointed to positions in December 2023, compared with a total of 1,108 rostered candidates.

(iii) Recruitment for vacant posts at the P-2 level was not carried out in a timely manner

285. The Board noted that there were a total of 455 geographical posts at the P-2 level in 2023, of which 69 had been vacant as at 31 December 2023 and 6 (8.7 per cent) had been vacant for more than two years as at 31 December 2023. The Board also noted that no recruitment actions had been undertaken with regard to another six positions since their establishment on 1 January 2023, which had a negative impact on young professionals programme contributions to improving equitable geographical distribution in the Secretariat.

286. **The Board recommends that the Administration ensure that the concerned entities prioritize filling P-2 geographical posts by focusing on ageing vacant posts.**

287. The Administration accepted the recommendation, noting that the liquidity crisis affected the ability of the Organization to fill vacant regular budget positions.

(iv) Insufficient review before appointment, leading to selection of candidates who are not from unrepresented or underrepresented Member States

288. The Board noted that, of the 42 young professionals programme rostered candidates who had been appointed in 2023, 21 of them, or 50 per cent, did not belong to unrepresented or underrepresented Member States when they were selected. Similarly, of the 81 young professionals programme rostered candidates who had been appointed in 2022, 44 of them, or 55 per cent, did not belong to unrepresented or underrepresented Member States when they were selected from the roster.

289. The Administration explained that, starting in March 2024, a new practice had been carried out to limit the initial review by hiring managers to only those candidates who were from currently unrepresented or underrepresented Member States (excluding those cases for General Service to Professional category candidate selection).

290. **The Board recommends that the Administration ensure adherence to the newly established process of prioritizing the placement of candidates from unrepresented or underrepresented Member States.**

291. The Administration accepted the recommendation.

(f) Weakness in the management of voluntary contribution project positions

292. Voluntary contribution project positions are created for specific voluntary contribution projects and are abolished after a project is finished. These positions are created and maintained by entities.

(i) Voluntary contribution project positions used for long durations

293. The Board conducted an analysis of the length of service of voluntary contribution project positions and noted that 903 such positions were all funded by extrabudgetary resources, 237 of which had been in use for a duration of one to two years and 399 of which had exceeded two years, the longest duration being more than eight years. The Board also noted that 1,053 voluntary contribution project positions had been used for more than one project. Details are shown in table II.27.

Table II.27
Duration of voluntary contribution project positions as at 31 December 2023

Duration	*Number of positions*
More than 2 years	399
1 to 2 years	237
Less than 1 year	367
Total	**903**

Source: Data exported from Umoja.

294. The Board is of the view that voluntary contribution project positions are of a temporary nature and should not be used continuously and that clear policy guidance needs to be put in place to ensure clarity and consistency.

(ii) Improvement needed in guidance on voluntary contribution project positions in the proposed programme budget

295. In the proposed programme budget for 2023, the resources requirements of voluntary contribution project positions were reported under the budget class of other staff costs in the lump sum, without specifying the number of positions, levels, duration and other details.

296. The Board is of the view that the guide could be updated to provide more clarity on how and when this type of position can be established and used. Moreover, while noting the unpredictability of the funding, the Board is of the view that those voluntary contribution project positions that have already been in existence and whose funding is predicted to be for more than one year can be reported in the budget documentation to improve the transparency and accuracy of the budget.

297. **The Board recommends that the Administration update the budget guidance to provide more clarity on the establishment, use and reporting of voluntary contribution project positions.**

298. The Administration accepted the recommendation.

(g) Shortcomings in the use of temporary appointments in need of reviewing

299. 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 and that, upon reaching the limit of service under one or several successive temporary appointments or 729 days, as permitted, the staff member should be required to separate from the Organization. As at 31 December 2023, of a total of 21,084 staff members of the entities of the United Nations as reported in volume I, 2,413 (11 per cent) had held temporary appointments, distributed among 55 entities.

300. The Board conducted an analysis of the length of service of staff members in entities of the United Nations as reported in volume I holding temporary appointment contracts and noted that, as at 31 December 2023, 860 staff members had held temporary appointments for more than 2 years, 370 of which had held such appointments for more than 5 years, with the longest duration of more than 15 years. Details are shown in table II.28.

Table II.28
Duration of temporary appointments of staff members as at 31 December 2023

Duration	*Number of staff members*
2 to 5 years	490
5 to 8 years	174
8 to 10 years	69
10 to 15 years	123
More than 15 years	4
Total	**860**

Source: Data exported from Umoja.

301. In those cases, a short separation was noted after the temporary appointment had reached the limit of 729 days to satisfy the break-in-service requirement, and another temporary appointment was then awarded. For instance, the temporary appointments of two staff members in the Office for the Coordination of Humanitarian Affairs were extended several times to 729 days, followed by a short separation, and a new temporary appointment was then issued to the staff members. For staff member A, a total of 27 contracts or contract extensions were awarded between 2014 and 2024, with a total contract duration of about nine years and, for staff member B, a total of 20 contracts or contract extensions were awarded between 2014 and 2023, with the total duration of the appointment exceeding nine years. It is to be noted, however, that both staff members (A and B) had been selected for different levels and at different duty stations within this period. In addition, the Organization grappled with liquidity management and restrictions on hiring for a large part of this time, which made the use of temporary appointments the preferred method for managing the restrictions while still delivering on mandates.

302. The Board is of the view that, although the staff holding temporary appointments had separated from the Organization, as required in the administrative instruction, and were selected though temporary job openings, continuing to grant the same personnel temporary appointments is not in line with the spirit of temporary nature.

303. **The Board recommends that the Administration request the entities to review the use of temporary appointments and reiterates to entities the need to use temporary appointments to meet only short-term needs that are of a temporary nature.**

304. The Administration accepted the recommendation.

9. Supply chain management

(a) Engineering, design and construction: a significant procurement category with a well-designed strategy that has not been monitored

305. The engineering, design and construction procurement category represented a significant portion of the total procurement expenditure, \$325.5 million [3] of \$2.9 billion, or 11 per cent (for the aggregated perimeter of both vol. I (financial statements of the United Nations) and vol. II (peacekeeping operations)), in 2023.

[3] See https://www.un.org/Depts/ptd/procurement-by-commodity-table-detail/2022, the major commodities categories building and construction and engineering services.

306. A total of 40 category strategies covering all areas of procurement have been prepared, discussed and adopted over the past four years in order to better diagnose and address the distinct challenges affecting the supply chain – including procurement – across the various categories in the United Nations Secretariat. The category strategy relating to engineering, design and construction was among the first to be ready, in December 2020. The category strategy emphasizes the importance of efficient procurement in meeting the objectives of the strategic capital review pursuant to resolution70/248 B, adopted by the General Assembly in 2016. It provides a definition of nine initiatives designed to address the lack of bidder interest in United Nations tenders, the long lead times for solicitations, the poor handover of projects from dedicated temporary teams to operation teams, quality control issues, the high number of change orders and claims in construction contracts, the uneven performance of international design firms and local companies, as well as of some large special policy missions and peacekeeping operations, the lack of standard global construction contracts and the insufficient consideration of the overall objectives of the Organization, such as sustainability and the accessibility of buildings to persons with disabilities. The results were to be achieved by the end of March 2022. To monitor the progress made, seven key performance indicators were considered.

307. The category strategy is a valuable tool for improving the Organization's performance. Unfortunately, it has not been implemented thus far due to the transfer of the category strategy team leader to another position and the non-availability of a suitable replacement to lead this team. As a result, none of the nine initiatives have been monitored, and none of the associated key performance indicators have been tracked.

308. This lack of action may have resulted in lower-than-expected savings for the Organization, given that the category strategy had been intended primarily as a tool to support the implementation of preventive maintenance in compliance with the strategic capital review. According to the report of the Secretary-General on the strategic capital review (A/70/697), enhancing preventive maintenance was expected to save up to 32 per cent by avoiding significant replacement costs at large United Nations premises.

309. However, for some of the major ongoing construction projects (at the premises in Addis Ababa, Bangkok, Geneva, Nairobi and Santiago), a large part of the strategy objectives has been considered. In reports of the Secretary-General,[4] the progress of the construction works is reviewed regularly, and the implementation of three strategy initiatives – building accessibility issues, energy efficiency (in some cases, "net-zero" buildings) and local knowledge integration – is monitored. Multistage solicitations, as well as global Federation of Consulting Engineers contracts, are being used more frequently, although further progress could still be made. Setting up a global contract that could be used in different projects would potentially streamline the processes. This was one of nine initiatives defined as part of the category strategy.

310. The engineering, design and construction category includes not only very large projects, such as those mentioned above, but also many smaller contracts at the Headquarters or field level, which require a different approach. The category strategy mainly addresses the former, and the latter relies on support from the United Nations Logistics Base for peacekeeping operations and special political missions.

311. The above-mentioned example illustrates that the Administration is not in a position to follow up on all the initiatives identified for this strategy. The situation, however, is not limited to a particular category, but reveals a more systemic challenge. The Administration should take stock of all the category strategies five years after

[4] A/78/337, A/78/346, A/78/350, A/78/382, A/78/503 and A/78/510.

their launch. The category strategies have resulted in several hundred initiatives and key performance indicators, which are too numerous for the Organization to manage. The situation may, to some extent, provide an explanation for why some of the initiatives have not been properly monitored, and the time has come to streamline the approach. The Administration has just begun such a review by prioritizing the strategies through which United Nations Headquarters adds significant value by using an end-to-end approach (core strategies) over the strategies that require a tailored approach. This work has not yet been finalized and needs in particular to be discussed with all stakeholders. Synergies between strategies should be considered, for example by defining cross-cutting indicators, such as lead times and bidder count.

312. **The Board recommends that the Administration revise the organization of the implementation of the 40 category strategies by classifying them as core or bespoke to ensure a manageable and efficient workplan, in line with the available resources, and consider setting appropriate key performance indicators.**

313. The Administration accepted the recommendation.

(b) Difficulties in attracting vendors to ensure effective competition

314. The low number of vendors that effectively respond to solicitations in the engineering, design and construction field presents a challenge. On average, there are fewer than three proposals per tender, and there is a downward trend. A single offer was submitted in a third of cases, and only one or two in more than half of them. Under such conditions, fair and effective competition is not warranted.

315. The Board reviewed all active 2021 and 2023 contracts concluded by the Procurement Division in the engineering, design and construction category. The sample consisted of 11 contracts with a total not-to-exceed amount of $67 million. The analysis showed that there was some competition in the sector, with an average of 6.9 offers per contract. However, 7 of 11 contracts (64 per cent) had fewer than three bidders at the end of the process.

316. The reduced number of vendors monopolized a substantial proportion of procurement in the engineering, design and construction category. Of 11 contracts, 3 were won by the same vendor, which received 70 per cent ($14 million) of the total expenditure ($20 million) in the engineering, design and construction category during the period under review (2021–2023). Two other vendors also won two contracts each.

317. Of the seven contracts for recurrent services, five incumbents (71 per cent) were renewed, resulting in a situation in which vendors remained in place for more than 10 years. For example, vendor A has been active since 2008 and vendor B since 2009. In four of the five cases, fewer than four vendors reached the final stage of the evaluation, thereby not allowing for sufficient competition.

318. In another case, the Administration referred to the Headquarters Committee on Contracts an amendment indicating that the prices in an existing contract had tripled from 2015 to 2017. The Committee recommended that the Administration launch a new formal solicitation, as the same vendor had been in place since 2008. The new contract allowed prices to be reduced by 30 per cent and the change in the not-to-exceed amount over five years to increase from $492,996 to $684,176 (+39 per cent) at a pace that differed greatly from the one in the previous contract. Expenditure as at 31 December 2023 was $598,696, well below the not-to-exceed amount.

319. As at 1 November 2023, such intervention by the Headquarters Committee on Contracts was no longer mandatory, as the review threshold had been increased from $1 million to $1.5 million. There is a risk that this will not result in the most cost-effective and effective competition. The Administration stated that the threshold had

been increased to account for inflation and to align with review thresholds at other United Nations organizations. However, heads of entity may, on the basis of their respective risk assessment and operational environment, voluntarily send any case to the Committee for review. To further strengthen controls, the Administration stated that it would enhance the guidance available to procurement officials and procurement approving authorities on due diligence to be carried out prior to contract amendments in the new revision of the United Nations Procurement Manual, aimed at significantly extending the not-to-exceed amounts or the contract duration.

320. The concentration of procurement among a limited number of vendors was identified in the 2020 category strategy as one of the difficulties resulting from insufficient competition. At that time, the top 10 vendors accounted for 60 per cent of total procurement for the category as a whole. According to data from Umoja, this proportion was 63 per cent for all the active contracts at the beginning of 2024, indicating the ineffectiveness of the strategy (or rather the failure to implement it). This situation resulted from the lack of leadership in this area after the departure of the category strategy team leader.

321. With regard to the statistics for the entire category beyond the Procurement Division at Headquarters, although in some areas many companies operate in the sector, a small number of them have responded to United Nations solicitations. In the period 2018 to 2023, an average of only 2.9 responses were received to invitations to bid, requests for proposals or requests for quotations.

322. Market outreach does exist, but remains insufficient. The Organization maintains a vendor registry that is not always aligned with its needs. The register contains nearly 100,000 vendor names in the engineering, design and construction category, of which only 0.7 per cent respond to a United Nations solicitation every year.

323. **The Board recommends that the Administration develop a strategy to increase the number of potential vendors in the engineering, design and construction category that are interested in working with the United Nations.**

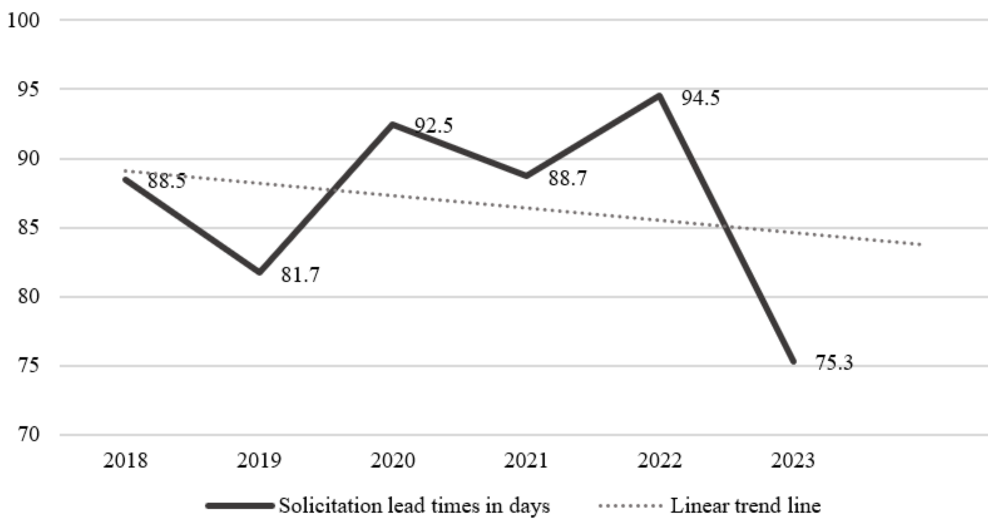
324. The Administration accepted the recommendation.

(c) Lead times for contract awards and other findings drawn from the review of the contract award process

(i) Relatively long lead times for sampled contracts

325. Progress has been made in terms of solicitation lead times, which was one of the issues raised in the 2020 category strategy. The time between solicitation approval and contract signature decreased by 15 per cent between 2018 and 2023 and by 19 per cent between 2020 and 2023, as the shown in figure II.IV.

Figure II.IV
Solicitation lead times in days, 2018–2023 (Secretariat-wide)



Source: Umoja.

326. However, in the sample of contracts audited, which consisted of more complex contracts, the corresponding figure is much higher: 241 days (eight months) on average.

(ii) Overspecification of mandatory technical requirements

327. In section 1.4.3 (b) of the Procurement Manual, it is stated that there should be no restriction of competition through overspecification (e.g. the inclusion of unjustified or unrealistic requirements in the specifications and/or the terms of reference or the statement of work) or underspecification (e.g. the omission of essential information in the specifications and/or the terms of reference or the statement of work). However, competition may have been restricted through the use of overly prescriptive mandatory technical requirements during the first stage of the request for proposals procedure. For instance, the following prerequisites were used:

(a) Firm is to be located within two hours' travel/attendance time of United Nations Headquarters, New York City, in response to a reasonable request by the United Nations (two solicitations);

(b) Confirmation that the bidder is able to provide same-day response and attend visits at United Nations Headquarters within three hours of request (one solicitation).

328. To enable a greater number of candidates to gain access to the final stage of the solicitation process, these necessary requirements should be part of the service to be provided, possibly with a criterion to assess them in the technical evaluation, rather than their being presented as mandatory prerequisites.

(iii) Inaccurate cost estimates

329. The inaccuracy of the cost estimate of the service appears to be a risk leading to shortcomings in the process of awarding or managing the contract, which is illustrated in the following cases:

(a) In one case, the initial estimate was $500,000, but the not-to-exceed amount was increased to $1,613,327.50 during the solicitation and later modified to

$5,259,327.50 through an amendment for additional requirements and material changes to the scope of the original solicitation. A solicitation process that would have been based on a reliable scope and that would have excluded communication to the vendor such as “the Procurement Division had clarified to vendors that the Organization was nearing completion of the contract management process and that, therefore, the scope of this requirement was much smaller than they might have anticipated” may have attracted more candidates;

(b) In two cases, the Administration did not have an appropriate cost estimate and was unable to determine whether a financial proposal – which was 30 per cent below those of all the other applicants – should be considered as an abnormally low offer in accordance with paragraph 8.8.4 of the Procurement Manual. As a result, in one case, the vendor exhibited a poor performance and substantial amendments were required to increase the not-to-exceed amount by 30 per cent. That included additional work, some of which was accepted prior to the review by the Headquarters Committee on Contracts. Furthermore, the delivery date been delayed from one year and seven months to two years and nine months. In the other case, a substantial amendment to the contract was also needed to adjust the not-to-exceed amount from $13.4 million to $20.4 million (+ 52 per cent);

(c) As noted by the Board, four requests for expression of interest and three requests for proposal were issued to award the contract mainly because the budget was not available. The process took two years. Such a situation is highly likely to discourage vendors from submitting bids because of the time involved.

330. **The Board recommends that the Administration take steps to more accurately forecast the estimated value of a contract as an additional element in the effective assessment of the reasonableness of quoted prices during the financial evaluation for the engineering, design and construction category.**

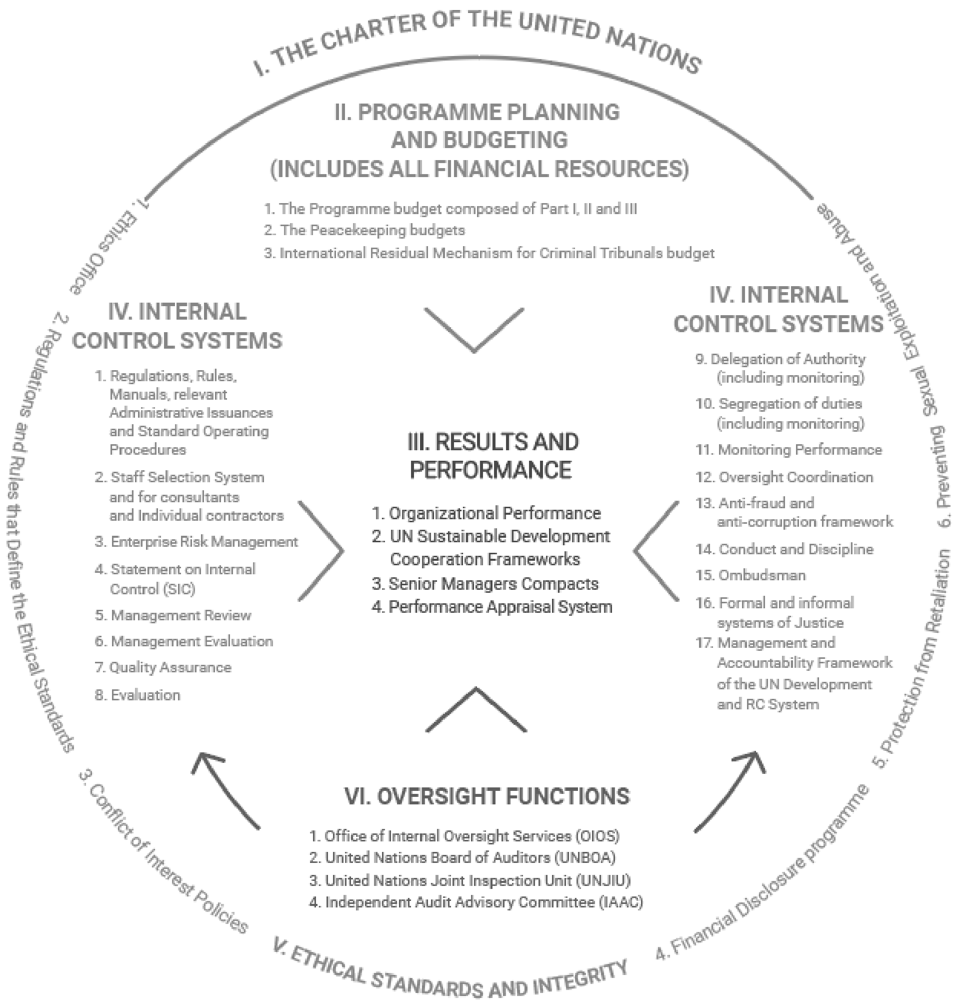
331. The Administration accepted the recommendation.

10. Implementation of the accountability system

332. The accountability system in the United Nations Secretariat was endorsed by the General Assembly in 2010 in its resolution 64/259. After its consideration of the report of the Secretary-General entitled “Towards an accountability system in the United Nations Secretariat” (A/64/640), the Assembly adopted the definition of accountability contained in resolution 64/259 for the United Nations Secretariat as follows: Accountability is the obligation of the Secretariat and its staff members to be answerable for all decisions made and actions taken by them, and to be responsible for honouring their commitments, without qualification or exception. Accountability includes achieving objectives and high-quality results in a timely and cost-effective manner, in fully implementing and delivering on all mandates to the Secretariat approved by the United Nations intergovernmental bodies and other subsidiary organs established by them in compliance with all resolutions, regulations, rules and ethical standards; truthful, objective, accurate and timely reporting on performance results; responsible stewardship of funds and resources; all aspects of performance, including a clearly defined system of rewards and sanctions; and with due recognition to the important role of the oversight bodies and in full compliance with accepted recommendations.

333. The General Assembly has addressed the importance of accountability and of ensuring greater accountability in the Secretariat, including in its resolutions 60/260, 63/276 and 64/259. To date, the Secretary-General has submitted 13 progress reports on the progress made during the reporting year in strengthening the accountability system, along with planned actions going forward (see figure II.V).

Figure II.V
Accountability system of the United Nations Secretariat



Source: United Nations, Department of Management Strategy, Policy and Compliance, “Handbook: the accountability system of the United Nations Secretariat” (November 2021).

334. In the report entitled “Shifting the management paradigm in the United Nations: ensuring a better future for all” (A/72/492), the Secretary-General stated, “The ultimate objective of the reforms is to enhance the effectiveness of the Organization in meeting all its mandates and to enhance its accountability for results, while complying with the parameters set out by Member States.” The General Assembly, in its resolution 72/266 A, stressed that accountability was a central principle of management reform.

(a) Some elements of the accountability system need enhancement

335. To implement the accountability framework approved by the General Assembly, the Administration put in place comprehensive mechanisms, policies and practices, among others. The Board reviewed the sufficiency, efficiency and effectiveness of elements of component IV (internal control systems) of the accountability system thereof and identified opportunities for enhancement.

(i) Referrals of the United Nations Dispute Tribunal and the United Nations Appeals Tribunal for possible action to enforce accountability should be tracked

336. The Board noted that the United Nations Dispute Tribunal and the United Nations Appeals Tribunal had referred 19 and 3 judgments, respectively, to the Secretary-General from 2010 to 2023, including potential issues involving non-selection, abuse of power, harassment of employees and low efficiency of management. Of the 19 judgments referred by the United Nations Dispute Tribunal, the referrals in 8 of those judgments were vacated by the United Nations Appeals Tribunal.

337. The Board noted that there was currently a practice of reporting to the General Assembly on referrals that had been made by the United Nations Dispute Tribunal and the United Nations Appeals Tribunal through the annual report of the Secretary-General on administration of justice (see, for example, A/76/99, paras. 53–56). The Board is, however, of the view that referrals for possible action to enforce accountability should be tracked And that a mechanism needs to be put in place to ensure that such referrals are tracked and reported.

338. **The Board recommends that the Administration ensure that there is a guideline indicating clearly who should take responsibility to follow up, track and report on the referred cases, which should contain guidance on actions to be taken in a timely manner on those cases referred by the United Nations Dispute Tribunal/the United Nations Appeals Tribunal for possible action to enforce accountability.**

339. The Administration accepted the recommendation.

(ii) Insufficient tracking of Office of Internal Oversight Services recommendations with potential financial recoveries

340. The Board noted that, in the OIOS activity reports from July 2010 to June 2023, which contain the recommendations issued during the reporting period along with potential financial implications, there were 175 recommendations (105 raised by the Internal Audit Division and 70 raised by the Investigation Division) with the status of "closed". OIOS provides an initial estimate of the potential financial implications of its recommendations in terms of possible efficiency gains or potential recoveries (in cases of financial loss). According to the activity reports for the above-mentioned period, there could be financial implications of up to $88.76 million, of which $21.13 million (23.81 per cent) had been realized.

341. The Administration explained that any decision to close a recommendation with financial implications remained with OIOS in the exercise of its operational independence. The Administration noted that OIOS decisions to close recommendations were determined primarily by whether the client had taken sufficient and effective action to address the audit recommendation, rather than whether a percentage of the estimated financial envelope was realized. It should be further noted that financial implications include those pertaining to efficiency gains and/or expenditure reductions and for which no recovery is currently tracked (even if the recommended efficiency action is implemented). Given the above, there may be more realized recovery amounts that were not duly reported.

342. The Board is of the view that recoveries need to be better tracked and reported by concerned entities.

343. **The Board recommends that, subject to the legal framework, the Administration better track recoveries that were identified in the recommendations of the Office of Internal Oversight Services.**

344. The Administration accepted the recommendation.

(iii) Lack of clear guidelines on whether and how managers who have made inappropriate decisions need to be held accountable

345. In order to strengthen oversight and evaluation of management decision-making, the Management Evaluation Unit (renamed the Management Advice and Evaluation Section, effective 1 January 2024) was established as the first step in the formal process of administration of justice and to provide management with an opportunity to correct administrative decisions that do not comply with internal law. The work of the Unit also informs the efforts of the Department of Management Strategy, Policy and Compliance to establish and implement effective measures to increase accountability by identifying systemic issues and lessons learned with a view to addressing lacunae and making appropriate adjustments to policies and procedures.

346. The Board noted that, of the management evaluations made by the Management Evaluation Unit from 2019 to 2023, 13 decisions made by managers were overturned by the Unit, 2 were rejected in part and compensation totalling $0.85 million was made to staff members in 21 cases.

347. The Administration explained that the reversal or alteration of a decision through management evaluation did not necessarily reflect wrongdoing on the part of the decision maker, requiring a recommendation for accountability. On the basis of the criteria set out by the United Nations Tribunals (specifically whether the decisions under review had serious flaws, such as manifest abuse of process, abuse of authority or negligence), the Management Advice and Evaluation Section considered in those cases that it would not have been appropriate to trigger a recommendation from the Section for possible action to enforce accountability, and consequently no cases had been referred.

348. The Board looked into those judgments of the United Nations Tribunals that had been used as criteria by the Management Advice and Evaluation Section and noted that no detailed guidelines or standard operating procedures had been developed to provide consistent and standardized criteria for determining whether the inappropriate management decisions needed to be referred for possible action to enforce accountability.

349. **The Board recommends that the Administration develop clear guidelines to provide more clarity on the criteria adopted to determine, in the context of management evaluation reviews, whether and how managers who have made inappropriate decisions warrant possible actions to enforce accountability.**

350. The Administration accepted the recommendation.

(iv) Need for a consistent and clear approach to maximizing financial loss recovery

351. The Board noted that, of the 585 disciplinary cases handled by the Administrative Law Division of the Office of Human Resources from 2019 to 2023, disciplinary measures were taken in 301 cases, administrative measures were taken in 39 cases, other measures were taken in 27 cases and no measures were taken in 218 cases. Of the 301 cases in which disciplinary measures were taken, the Board reviewed, on a sample basis, the cases that involved financial losses to the United Nations and noted that, of the 13 cases of theft/taking without authorization involving financial losses to the United Nations, financial losses were fully recovered in 1 case, recovered in part in another case, and not recovered in the other 11 cases (including 1 case in which the items, the quantity and the amount of the losses involved in the theft case had been identified).

352. The Administration explained that financial losses in some instances had not been recovered because the amounts of possible financial losses were difficult to

verify or nominal. In those cases, the cost of further action to quantify the loss and find causation may outweigh the possible benefit thereof.

353. The Board is of the view that: (a) the size of the amount involved in a case should not be the sole basis for a decision as to whether to recover financial losses, which may otherwise foster a culture of impunity and which is not conducive to the effective implementation of the United Nations accountability framework; (b) the Administration needs to document whether any further action is possible to ascertain the level of losses and undertake recovery actions; and (c) in cases where the amount of financial losses have been determined, the losses should be recovered in full to the extent feasible.

354. **The Board recommends that the Administration establish guidelines or standard operating procedures for determining the cost-effectiveness of further action to ascertain the amount of losses, and, subject to the applicable legal framework: (a) for recovering financial losses resulting from established misconduct; and (b) for ensuring that financial losses identified by the Office of Internal Oversight Services or through other investigative processes are duly recovered to the greatest extent possible.**

355. The Administration accepted the recommendation.

(v) Need for a mechanism to ensure that accountability measures are taken regarding unsatisfactory performance results

356. In section 10.3 of the administrative instruction on the Performance Management and Development System (ST/AI/2021/4), it is stated that, if the performance shortcoming was not rectified following the remedial measures indicated in section 10.1, a number of administrative actions may ensue, including the withholding of a within-grade salary increment pursuant to section 16.4, the non-renewal of an appointment or the termination of an appointment for unsatisfactory service in accordance with staff regulation 9.3.

357. The Board noted that, during the four evaluation cycles from 2018 to 2023, a total of 57 staff members in 27 departments had been rated "Does not meet performance expectations". None of the measures indicated in the administrative instruction on the Performance Management and Development System had been taken in relation to 14 of the 57 staff members, who had all received a within-grade increment. Of the other 43 staff members, 6 were terminated, 11 did not have their contracts renewed, 17 resigned voluntarily or retired and 9 cases were temporarily not addressed for special reasons, such as sick leave.

358. The Administration explained that, in the current system, the within-grade increment was automatically granted, and all staff members would receive it on a fixed cycle (on an annual or a biennial basis), except when otherwise requested by the first reporting officer.

359. **The Board recommends that the Administration review the approach to granting the within-grade increment to ensure that it aligns with delivery of results, creating a culture of accountability in the Organization.**

360. The Administration accepted the recommendation.

(b) Accountability may not have been duly implemented in relation to those cases causing significant financial losses or reputational risks to the Organization

361. The Board also reviewed those cases involving significant financial losses and noted the following two cases in which the United Nations Secretariat may suffer

from potential financial losses of about $11 million and no investigation or accountability had been enforced:

(a) The Board noted that, in a contract dispute between the United Nations Secretariat and an external project service provider, the service provider had been seeking through arbitration an increase in payment of tens of millions of dollars, stemming in part from substantial changes in programming and design;

(b) The Board also noted that, in another contract dispute between a United Nations entity and an external project service provider, the Administration had awarded the project before the contractor attained the status of a qualified level 2 vendor, thereby failing to fully comply with the requirements of the Procurement Manual, and the Administration had not chosen to terminate the contract immediately when the contractor, a joint venture, had a material organizational change and was unable to fulfil its obligations. Moreover, in connection with the eventual termination of the contract and replacement of the contractor, an additional cost of about $1.5 million was incurred by the United Nations.

362. The Board is of the view that the additional cost that the United Nations had incurred in the above-mentioned two cases could have been mitigated by stronger project management. The Board further noted that no investigation had been conducted and that no one had been held accountable.

363. The Board also recalled other cases discussed in its report on United Nations peacekeeping operations for the 12-month period from 1 July 2022 to 30 June 2023 (A/78/5 (Vol. II)). The first case concerned the failure of a fuel and rations provider to perform services and abide by contractual terms, which affected two peacekeeping missions. That vendor's failure may result in financial loss. The Organization's claims are currently being considered in arbitration through which the United Nations is seeking the recovery of $40.5 million in total for estimated losses. The Administration has reviewed the matter with regard to various avenues for accountability. The second case arose from defects in a project involving construction of a T-wall at a peacekeeping mission. In addition, the Board noted a contract dispute between a peacekeeping mission and an external service provider. According to the final conclusion of the arbitral tribunal, due to the failure of the United Nations to claim price reductions to which it had been entitled under the contract in a timely manner, the Organization's deduction of amounts of payment from later-presented invoices (it considered to have overpaid in earlier invoices) was not in accordance with the contract. The United Nations had to pay the contractor approximately $7.6 million. No investigation or accountability had been enforced in this case. The Administration explained that: (a) the dispute had arisen as a result of the parties' differing interpretations of the contractual set-off provision and, as a result, the tribunal had undertaken a contract interpretation on the basis of which it ordered the United Nations to pay to the contractor amounts that the United Nations had deducted from invoice payments; and (b) the tribunal had not assessed or quantified a financial loss, as it had not evaluated whether the United Nations would have been entitled to a price reduction, nor had the tribunal adjudicated on the issue of gross negligence on the part of United Nations officials.

364. The Board is of the view that there is a need to review the current procedures in place to ensure that an investigation is triggered properly and in a timely fashion to determine whether there is grossly negligent conduct and whether accountability has been duly enforced.

365. On the basis of the above-mentioned cases, the Board is of the view that there is a lack of clear guidelines for financial losses to the United Nations to be investigated.

366. **The Board recommends that the Administration review its existing processes under the current legal framework in cases where the Organization has suffered a financial loss due to possible gross negligence, to enforce accountability, where appropriate.**

367. The Administration accepted the recommendation.

(c) Action needed to improve performance against the delegation of authority monitoring framework

368. In its previous report (A/78/5 (Vol. I), chap. II, para. 461), the Board noted that the performance of relevant entities relating to nine key performance indicators had not met the expected targets in 2022 and that the results of some individual entities had been far below the targets, and recommended 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.

369. The Board continued to review the performance against the 16 key performance indicators that had been implemented and noted that performance relating to 10 indicators had not reached its targets at the end of 2023, compared with 9 indicators in 2022. The details are as follows:

(a) The overall performance of some indicators needs to be improved. In 2023, only 2 of 11 targets were met, while the remaining 9 targets were not met on average across all entities. Of the eight indicators that had been put in place before 2022 and that did not meet their target, performance for four indicators showed a downward trend compared with 2022, and seven indicators did not meet their target for three consecutive years (2021, 2022 and 2023). Notably, performance relating to equitable geographical representation was less than half the target for three consecutive years. The Board noted that only 2 of 56 entities met the target relating to equitable geographical representation (50 per cent or higher) in 2023, and that performance against this indicator had not shown progress globally, with performance declining from 21.82 per cent in 2022 to 20.65 per cent in 2023;

(b) Some entities underperformed in relation to multiple indicators. The Board further focused on entities that had not achieved the target and had achieved lower-than-average performance. Among them, the Office of the United Nations High Commissioner for Human Rights had an unsatisfactory performance in relation to eight indicators, the Department of Peace Operations and the United Nations Integrated Transition Assistance Mission in the Sudan performed unsatisfactorily in relation to seven indicators, and ECLAC, the United Nations Regional Office for Central Africa and UNSMIL performed unsatisfactorily in relation to six indicators.

370. **The Board recommends that the Administration continue efforts to strengthen the accountability framework for delegation of authority by enhancing the analytical approach to identify systemic issues hampering the improvement of entities' performance against targets, and make concrete recommendations to entities involved on how to improve their performance against the key performance indicators.**

371. The Administration accepted the recommendation, noting that, as part of the response mechanism project, the Business Transformation and Accountability Division was conducting targeted pilots to support Secretariat entities and improve performance in some areas, including reporting of human resources exceptions, Umoja roles needing authority and compliance with the advance purchase policy for air travel.

11. Development reform

372. Since 2016, the United Nations development system has aimed to realize the 2030 Agenda for Sustainable Development, and a series of reforms have been implemented. The core of the development reform is a reinvigorated resident coordinator system with independent and empowered resident coordinators and a new, strengthened generation of United Nations country teams to deliver a collective response to national needs and ensure system-wide accountability on the ground. Efficiency initiatives for cost avoidance and improvement of business agility have been agreed upon by the United Nations Sustainable Development Group in a revised efficiency road map. The Board has been following up on the implementation of the reform initiatives and has identified in previous audits some areas of improvement in relation to, among others, the funding of the special purpose trust fund, vacancies in the resident coordinator system, resident coordinator recruitment and the implementation of the efficiency initiatives.

373. The Advisory Committee on Administrative and Budgetary Questions reiterates the need for continuous and intensified efforts to achieve equitable geographical representation in the resident coordinator system (see A/78/578, para. 75).

374. The Board followed up on these requests and noted the efforts made, including measures taken to fill resident coordinator positions. Notwithstanding those efforts and the progress made, the Board identified areas for further improvement, as set out below.

(a) Insufficient geographical representation in the resident coordinator system

375. It is stated in Article 101 of the Charter of the United Nations that the paramount consideration in the employment of staff and in the determination of the conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity and that due regard should be paid to the importance of recruiting staff on as wide a geographical basis as possible. The Board continued to review the geographical representation in the resident coordinator system and noted the following:

(i) The geographical representation of resident coordinators was concentrated

376. The Board reviewed the geographical representation of the 113 resident coordinators in position as at 31 March 2024 and noted that 38 of the total 113 sitting resident coordinators (34 per cent) were from the seven countries with the most resident coordinators as at 31 March 2024.

(ii) The geographical representation of resident coordinator pool members was concentrated

377. The Board also noted that, as at 31 March 2024, there were 168 resident coordinator pool members and that 55 members of the pool (33 per cent) were from the seven countries with the highest number of resident coordinator pool members.

(iii) The geographical representation of resident coordinator/humanitarian coordinator talent pipeline members was concentrated

378. The resident coordinator/humanitarian coordinator talent pipeline is a talent initiative to identify and prepare a broad and diverse range of high-calibre candidates for resident coordinator or resident coordinator/humanitarian coordinator functions and to develop them for those roles. The Board noted that, as at 31 March 2024, there were 143 talent pipeline members and that 67 pipeline members (47 per cent) were concentrated in nine countries.

379. The Board is of the view that geographical diversity is crucial in aligning the resident coordinators' ability with the needs of countries and the 2030 Agenda. Notwithstanding the fact that many measures have been taken, the concentration of geographical representation has not been duly solved.

380. **The Board recommends that the Administration address the high concentration of geographical representation in the resident coordinator/ humanitarian coordinator talent pipeline by attracting and nurturing more personnel from programme countries.**

381. The Administration accepted the recommendation.

(b) Delays in implementing the revised efficiency road map

382. In 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), a wide range of business operations initiatives was cited to generate efficiencies to be redeployed as part of programmes to better support the 2030 Agenda.

383. In August 2022, the core group of the United Nations Sustainable Development Group reviewed and endorsed the revised efficiency road map for the period from 2022 to 2024, aimed at achieving significant cost savings through quantified targets and annual implementation goals. The revised efficiency road map introduces such targets and implementation goals for each of the four central priority areas, as well as adjusted timelines for the implementation of the prioritized initiatives, including on a common back office, common premises, global shared services and business operations strategy. The Board reviewed the performance against the 2023 road map and in relation to efficiency gains and noted that the annual targets outlined in the revised road map had not been fully met, as detailed below.

(i) Significant delay in common back office implementation

384. A total of 20 common back offices in high-volume locations were initially projected to be approved/implemented in 2023. The Board noted that only 6 of 20 countries had been prioritized for implementation and that no common back office had been fully implemented, resulting in no reported efficiency gains in 2023.

385. The Board was informed that significant delays were attributed mainly to challenges in adapting entity-specific business models, as well as inadequate and slow engagement from disparate entities' headquarters, among others.

(ii) Significant delay in scaling global shared services goals

386. The revised road map includes a preliminary list of 42 global service offerings identified for scaling up (5 and 37 services in 2022 and 2023, respectively). However, the priority list was refined to 11 in October 2023, and the prioritized services are currently still at the stage of preparing the business cases, as well as the global scaling.

387. The Board was informed that the implementation of global shared services was hampered mainly by the limited capacity of entities to expand service delivery, as well as the unpredictable buy-in and engagement of potential client entities.

(iii) Delay in common premises implementation

388. The revised road map targeted the completion of 66 common premises consolidation plans by 2023 and provided ongoing technical support for the common premises relocation of 18 countries. Of the 66 prioritized locations, 5 and 8 projects

were completed in 2022 and 2023, respectively, while the remaining 53 projects were still in progress or uninitiated.

389. The Board was informed that the main challenges included inconsistent capital funding across all organizations and lengthy real estate project implementation timelines.

(iv) Postponed scaling and standardization of business operations strategy

390. The revised road map was aimed at standardizing and scaling up the top five cost reduction services and scaling up shared services in three high-risk/crisis countries by 2023, but this was postponed to 2024 due to insufficient funding.

391. The Board is concerned that the implementation of the efficiency gains road map for the period from 2022 to 2024 has been delayed, which may undermine the potential benefits of efficiency gains and jeopardize stakeholders' trust in and support for the United Nations development system.

392. **The Board recommends that the Administration engage with the United Nations Sustainable Development Group governance to draw attention to and address the gaps in the implementation of the efficiency gains road map in a timely manner.**

393. The Administration accepted the recommendation.

(c) Negative impacts of the funding shortfall, and improvements needed in the coordination of levy collection and reporting

394. 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. Contributions to the trust fund include the 1 per cent coordination levy on tightly earmarked third-party non-core contributions to United Nations development-related activities, the United Nations Sustainable Development Group cost-sharing arrangement among United Nations development system entities and voluntary contributions.

395. The Board reviewed the financial position and levy collection mechanism of the special purpose trust fund and noted the following:

(i) Continuous non-achievement of the fundraising target

396. The recognized revenue intended for 2023 was $227.95 million, and the cash collected in the year was $216.77 million, which were, respectively, $53.85 million and $65.03 million less than the target and the budget for 2023 of $281.80 million. The shortfall in revenue in 2023 was due mainly to the reduction in voluntary contributions, which was $64.67 million less than the target and the budget. Moreover, shortfalls in revenue were noted from 2019 to 2022, ranging from $52.81 million to $83.27 million.

397. Measures to control expenses were then implemented by the Administration, including reducing coordination activities at the country level and freezing recruitment, which had negative impacts on the ability of the resident coordinator system to duly deliver its mandate, such as undermining human resources and staff in support of the resident coordinators, hampering efforts to accelerate progress on localization of the Sustainable Development Goals, and curtailing some key monitoring and evaluation functions of the resident coordinator system.

(ii) Weakness in coordination of levy collection

398. The donor-administered approach and the agency-administered approach were the two approaches to collecting levies adopted by the Administration. The agency-administered approach accounted for 83 per cent of the total levy revenue in 2023. Under the donor-administered approach, the Administration and the donor agree on the basis for calculating levies and the timing of the payment of levies. Under the agency-administered approach, the relevant United Nations Sustainable Development Group member entities that collect the levy on behalf of the Administration determine the amount of contributions subject to levy. A list of signed agreements subject to levy and a report that includes the amount of levy collected are prepared by each Group member entity and provided to the Administration quarterly.

399. The Board noted that a total of $54.51 million in cash had been collected through levy in 2023. However, there was $52.87 million in levy receivables outstanding as at 31 December 2023, $7.47 million of which was overdue. Furthermore, $7.37 million of these overdue receivables, which included $2.68 million in receivables overdue for more than one year, would be collected through the agency-administered approach, while the overdue receivables that would be collected through the donor-administered approach totalled merely $0.10 million.

400. The Board reviewed the levy collection mechanism of the agency-administered approach and noted the following weaknesses, which may have contributed to the backlogs in levy collection:

(a) There is a lack of a sufficiently robust mechanism to reconcile the donor's contributions subject to levy. According to the United Nations Sustainable Development Group's coordination levy operational guidance, the Administration does not have access to the funding agreements between the donors and the United Nations Sustainable Development Group member entities, making it difficult to verify the completeness and correctness of the amount of contributions subject to levy. The Board is of the view that the lack of a sufficiently robust reconciliation mechanism will prevent the Administration from ensuring the completeness and correctness of the amount of contributions subject to levy, hence resulting in a lack of clarity on the amount of levies to be collected;

(b) Inadequate access to information, including the payment schedule, may result in backlogs and incompleteness in levy collection. The Administration did not have access to information on, inter alia, the donor's payment schedule and amount and cost extensions, which may lead to delays or incompleteness in levy collection, thereby putting additional pressure on and causing uncertainty regarding the tight liquidity of the resident coordinator system.

401. **The Board recommends that the Administration work with the United Nations Sustainable Development Group to strengthen the Group's coordination levy operational guidance to ensure the completeness and accuracy of the contributions subject to levy and that adequate information related to the collection of levies and earmarked contributions is obtained from Group member entities.**

402. The Administration accepted the recommendation.

(d) Improvements needed in resident coordinator position management

403. Resident coordinators play a key role in the resident coordinator system, with the main responsibility of and accountability for implementing development initiatives at the country level. The Resident Coordinator Office aims to provide support to the resident coordinators. In its leadership role, the Office needs to be

adequately staffed to ensure sufficient substantive capacities to lead United Nations country teams. Timely filling of vacant resident coordinator and Office positions is therefore critical to ensure the implementation of the planned activities and the successful delivery of mandates at the country level. The Board reviewed the management of the resident coordinator position and noted the following deficiencies:

(i) Long-term vacancies of resident coordinator positions

404. In the previous audit, the Board had noted delays in appointing resident coordinators to fill positions at some country offices. The Board continued its review in this regard and noted that 24 of 130 resident coordinator positions (18 per cent) were vacant as at 31 December 2023, compared with 16 and 13 per cent, respectively, in 2021 and 2022. In addition, of the 24 vacant resident coordinator positions, 9 had been vacant for more than one year, although 6 of the 9 positions had been advertised several times.

(ii) High vacancies of Resident Coordinator Office positions

405. Commonly, the Resident Coordinator Office comprises five core professional staff members to support the resident coordinator, namely the head of the Office, an economist, a data monitoring and reporting officer, a partnership officer, and a communication and advocacy officer.

406. The Board noted that, as at 1 March 2024, 116 professional staff positions in the Resident Coordinator Office were vacant, accounting for 19 per cent of the total 616 professional positions dedicated to the functional titles.

(iii) High turnover rate of resident coordinators

407. The Board reviewed the 119 separation records of resident coordinators during the period from 2019 to 2023 and noted that 42 resident coordinators (35 per cent) had left the position within three years. The Board further noted that, of nine resident coordinators who had left early owing to reassignment, one was reassigned to another position after 106 days of service, one was reassigned after 371 days and one was reassigned after 603 days.

408. The Board is of the view that it takes time for resident coordinators to acquaint themselves with various knowledge needed to deliver mandates and establish robust relationships with local governments and other agencies. High turnover may lead to, inter alia, disruption in leadership continuity, loss of institutional memory, and disruption in partnerships and collaboration.

409. The Board is concerned that long-term vacancies in resident coordinator positions and high vacancy rates at resident coordinator offices, as well as the high turnover rate of resident coordinators, will result in inadequate staffing to ensure sufficient substantive capacities for the delivery of mandates at the country level.

410. **The Board reiterates its recommendation 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.**

411. **The Board recommends that the Administration strengthen measures for reducing the early turnover of resident coordinators to ensure the effective performance of the resident coordinator system.**

412. The Administration accepted the recommendations.

12. Operations related to peace and security affairs

413. 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.

414. In its reports (A/77/7, A/77/574 and A/78/7), 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, the services provided by the Standby Team of Senior Mediation Advisers and electoral assistance, among others. The Board followed up on those concerns and noted efforts made by the Administration to develop a mechanism for continuous improvement, improve reform-related change management and enhance performance management. The Board, however, identified the areas in need of improvement set out below.

(a) Improvement needed in donor reporting reviews

415. Earmarked contributions may result in donors requiring specific reports. Strengthening donor reporting reviews, with key offices – among them legal and finance offices – being consulted in a timely manner, therefore plays a crucial role in ensuring the transparency, accountability and effectiveness of voluntary contributions and compliance with, inter alia, the Organization's disclosure policies and confidentiality requirements. The Board noted that the information review needed to be enhanced and that relevant management should have been involved in donor reporting reviews, as set out below.

(i) Insufficient involvement of relevant management at Headquarters in donor reporting reviews

416. The former Department of Political Affairs (now the Department of Political and Peacebuilding Affairs) received voluntary contributions of $811,387 in 2016 from Member State A to support the Office of the Special Envoy of the Secretary-General for Yemen regarding a project that supported a sustainable cessation of hostilities leading to a permanent ceasefire and negotiation of interim security arrangements as part of a comprehensive agreement in Yemen. In the donor agreement, the donor required the Department of Political Affairs to consult with the Member State A on significant proposed changes to the operation of the Office of the Special Envoy and to provide a monthly report on the activities of the Office for a period of nine months. The project was closed in 2018.

417. The Board was informed that the monthly report had been prepared through oral updates and that the narrative report had been provided to the Member State A. The narrative report contained a recapitulation of the activities of the Special Envoy, such as negotiation terms, activities and results relating to the cessation of hostilities.

418. **The Board recommends that the Administration ensure that relevant management at Headquarters reviews donor reports to ensure that the appropriate level of information is shared with donors after the due scrutiny process.**

419. The Administration accepted the recommendation.

(ii) Improvement needed in Mediation Support Unit donor reporting practices

420. As part of the overall peacemaking and preventive diplomacy efforts of the Department of Political and Peacebuilding Affairs, the Mediation Support Unit engages in a wide range of activities, including operational support for the processes of mediation, facilitation and dialogue, strengthening the mediation capacity of partners, and developing mediation guidance and best practices.

421. Since 2011, the Department of Political and Peacebuilding Affairs has received voluntary donations from organization E to support the Standby Team of Senior Mediation Advisers, totalling $1.37 million in 2023. In the 2022–2024 contribution agreement, organization E required quarterly updates on recent deployments of the Standby Team, including on the location, the subjects addressed and key elements arising from each deployment.

422. The Board noted that, in 2023, the Mediation Support Unit had provided organization E with some detailed and mediation-related information that was not shared with other donors or included in multi-year appeal public reports.

423. The Administration stated that the reporting to organization E had been carried out in accordance with its earmarked donor agreement, which required more detailed information on project activities, and reiterated that it had followed a consistent and established standard methodology in discerning the confidentiality of information provided through reporting by its donors and consulting closely with the requesting entities and the regional pillar. The Administration also clarified that the multi-year appeal reports included information on the extrabudgetary operations of the Department of Political and Peacebuilding Affairs and, therefore, given space constraints on the length of reporting available, editorial decisions had been taken as to what information was incorporated into the multi-year appeal reports, striking a balance regarding an appropriate level of content.

424. The Board is of the view that the detailed reporting of the Mediation Support Unit to organization E of more information than what had been made public to all donors on the website could lead to a disparity in information-sharing among donors, since all Member States and donors should have equal access to non-confidential information that could be released to the public.

425. **The Board recommends that the Administration ensure that a standard and consistent approach is followed in reporting Standby Team of Senior Mediation Advisers activities to donors and ensure that there is equal access by all Member States to non-confidential information on Standby Team activities in a publicly accessible format.**

426. The Administration accepted the recommendation.

(b) Challenges in the management of the United Nations Development Programme-Department of Political and Peacebuilding Affairs Joint Programme on Building National Capacities for Conflict Prevention

427. The UNDP-Department of Political and Peacebuilding Affairs Joint Programme on Building National Capacities for Conflict Prevention is aimed at strengthening the capacities of national stakeholders and the analytical efforts of the United Nations system in support of Member States' efforts to advance policy and programmatic coherence in relation to conflict prevention and strategies for sustaining peace. The Joint Programme meets this aim primarily through the deployment of peace and development advisers in a range of diverse and politically complex contexts.

428. The Board reviewed the functioning of the midterm reporting on the Joint Programme on Building National Capacities for Conflict Prevention and the 2023

results framework and noted the following: (a) the tripartite agreement between resident coordinators, UNDP and the Department of Political and Peacebuilding Affairs did not include a specific outline of the roles and responsibilities of each participant; (b) coordination and cooperation in some countries were insufficient; and (c) reports of the peace and development advisers were sometimes delayed or incomplete in submission.

429. The Board is of the view that non-clarity on the roles and responsibilities of the respective parties to the tripartite agreement may have resulted in a lack of understanding on the part of the peace and development advisers of their responsibilities and required reporting lines, which neither ensures the efficiency and effectiveness of the mandate delivery of those advisers nor supports the achievement of the expected programme results. Moreover, not submitting the advisers' reports in a timely and complete manner may result in inconsistency and unsatisfactory quality of the reports, thereby weakening the envisaged benefits of the programme.

430. **The Board recommends that the Administration review the tripartite agreement and ensure that it clearly identifies the responsibilities of the peace and development advisers, as well as of the managers of the agreement, and that the advisers' reports are submitted in a timely, consistent manner, following a standardized report template.**

431. The Administration accepted the recommendation.

(c) Need for improvement in informing Member States of requests for assistance

432. In order to strengthen the role of the United Nations in enhancing periodic and genuine elections, the General Assembly requested the Under-Secretary-General for Political and Peacebuilding Affairs, as the focal point for electoral assistance, to continue to inform Member States on a regular basis about the requests received and the nature of any assistance provided.

433. The Board reviewed reports provided by the focal point to Member States, including biannual reports to the General Assembly on United Nations electoral assistance and semi-annual multi-year appeal reports, and noted that, while existing reports contained information on the number of countries receiving assistance, the list of the countries receiving United Nations electoral assistance and the types of overall electoral assistance provided, as well as some country examples, the quality of the reports could be enhanced by providing more comprehensive and detailed information on Member States' requests for electoral assistance, as well as by offering additional specifics on the nature of any assistance provided. For example, the reports could supply statistical data on the nature of the assistance provided.

434. The Board is of the view that additional steps taken to use appropriate channels to provide more information on requests from Member States can help to ensure that Member States obtain comprehensive information on the status of requests for assistance.

435. **The Board recommends that the Administration use appropriate methods and reporting channels, in particular multi-year appeal reports, to provide additional information on Member States' requests for assistance and the nature of any assistance provided.**

436. The Administration accepted the recommendation.

13. Humanitarian affairs

437. The Office for the Coordination of Humanitarian Affairs is the Secretariat entity responsible for bringing together humanitarian actors to ensure a coherent response to emergencies and for managing country-based pooled funds and the Central Emergency Response Fund. The Office carries out its functions at Headquarters in New York and Geneva, in two global hubs, five regional offices, 27 country offices, 22 humanitarian advisory teams and seven liaison offices.

438. In its reports, the Advisory Committee on Administrative and Budgetary Questions trusted that the Board of Auditors would review the level of assurance activities of implementing partners (A/77/574, para. 65) and encouraged entities to review their partnership policies and procedures, as well as decision-making processes, to ensure that risk to the Organization from partnerships, including implementing partners and private sector partnerships, was minimized (A/78/578, para. 97). In response to the concerns of the Advisory Committee, the Board continued the review of the allocations and utilization of both the country-based pooled funds and the Central Emergency Response Fund, as well as the monitoring and compliance measures relating to the funded projects and their implementing partners, and noted the issues presented below.

(a) Varying levels of details in allocation strategy papers on criteria for the pre-selection of partners

439. Allocations of the country-based pooled funds totalled $1.11 billion in 2023, of which $473 million was allocated through the standard allocation and $634 million was allocated through the reserve allocation. On a sample basis, the Board reviewed the allocation process for nine selected country-based pooled funds and noted the following deficiencies:

(i) Unclear criteria for pre-selected partners disclosed in the reserve allocation strategy

440. According to the global guidelines for country-based pooled funds, funding applications for the reserve allocation and pre-positioned funding are entertained from a limited number of partners by invitation, those partners are pre-selected according to explicit criteria and specifications for criteria for pre-selecting partners should be outlined in the allocation strategies. The allocation strategy should be reviewed by the Office for the Coordination of Humanitarian Affairs to ensure high quality and conformity with global templates and standards for country-based pooled funds.

441. The Board noted that, of the nine selected country-based pooled funds, varying levels of criteria for pre-selecting partners had been disclosed in the reserve allocation strategies, involving $64.41 million for seven country-based pooled funds. Criteria disclosed in the reserve allocation strategy were not specific and were unclear regarding one selected country-based pooled fund involving an allocation of $11.50 million, with only the criteria of operational presence, readiness and capacity provided. In this case, no documentation or refined criteria indicated whether the pre-selected partners were well placed and whether the corresponding allocation process was appropriate. Similar cases were also noted in the pre-positioned funding allocations for three country-based pooled funds involving a total allocation of $34.40 million.

442. The Board also noted a discrepancy between criteria disclosed in the allocation strategy and criteria actually applied for one country-based pooled fund with an allocation of $24.40 million. For instance, there was a preference for international non-governmental organizations with long-standing partnerships with national

non-governmental organizations during the pre-selection of partners. However, that was not clearly specified in the allocation strategy.

443. In addition, the Board noted that pre-selected partners were not disclosed in the allocation strategies, as optionally provided in the global templates, involving $208.55 million of seven country-based pooled funds.

444. The Office for the Coordination of Humanitarian Affairs explained that, in some cases, services could be provided by only one eligible partner, and in some instances, it was a hybrid, with the majority of funding allocated through a competitive process and a smaller amount through a non-competitive process, with justification provided for the pre-selected partners. Listing pre-selected partners in the allocation strategies was not a mandatory requirement, and the template served as an annex to the global guidelines for country-based pooled funds, rather than forming part of the main text. The Office also explained that the preference for international non-governmental organizations with long-standing partnerships with national non-governmental organizations had been communicated to all eligible partners.

445. The Board is of the view that it is stated clearly in the global guidelines for country-based pooled funds that the allocation strategy should conform to global templates and standards for such funds and that it is of vital importance to specify clear criteria for pre-selecting the partners best placed to deliver prioritized humanitarian action on the ground.

446. The Board is concerned that insufficient disclosure of specific partner pre-selection criteria under reserve allocations and pre-positioned funding allocations, especially in cases where the actual pre-selection criteria are not disclosed in the allocation strategy, could have a negative impact on the transparency of the country-based pooled funds, as well as on the confidence of donors and other partners of the Fund.

447. **The Board recommends that the Administration, in alignment with the global guidelines for country-based pooled funds, clearly disclose, for allocations that are not fully competitive, the partner pre-selection criteria.**

448. **The Board also recommends that the Administration continue to conduct a substantive review of the allocation strategies to ensure their quality and alignment with the global guidelines for country-based pooled funds.**

449. The Administration accepted the recommendations.

(ii) Pre-identification of partners in the standard allocation modality

450. According to the global guidelines for country-based pooled funds, standard allocation requires a competitive process, and all eligible partners are permitted to submit project proposals once an allocation strategy has been developed, in which it is indicated that no projects or partners can be pre-identified during the development stage of the standard allocation strategy.

451. On a sample basis, the Board reviewed the standard allocation process for one selected country-based pooled fund and noted that, in 2021, a project led by partner A had been defined as an envelope of the allocation breakdown in the allocation strategy, with an initial budget of $6 million. Neither the rationale for selecting partner A nor information on the needs, purpose, geographical location or target beneficiaries in relation to the selection of partner A had been stated in the allocation strategy. Similar cases had been noted in another project allocated in 2022, with an additional budget of $2.50 million as an extension of the project’s duration.

452. The Board is concerned that pre-identification of a certain partner with a significant amount of budget in the standard allocation modality for two consecutive

years might undermine the fair and transparent process of the country-based pooled fund allocation. The Board is of the view that any deviation from the global guidelines for country-based pooled funds should be explicitly stated in the allocation strategy.

453. **The Board recommends that the Administration follow the global guidelines for country-based pooled funds on the pre-identification of partners in the reserve allocation only.**

454. The Administration accepted the recommendation.

(b) Weakness in the management and utilization of selected country-based pooled funds

(i) Incomplete documentation of pre-positioned funds amounting to at least $7.83 million

455. According to the global guidelines for country-based pooled funds, partners should use a separate interest-bearing bank account to manage and account for the country-based pooled funds received and ensure that all related transactions remain traceable and can be audited. Eligible costs must be identifiable in the accounting records and backed by original supporting evidence.

456. In 2023, pre-positioned funding allocations amounted to $38.50 million for 39 projects, involving four country-based pooled funds. On a sample basis, the Board reviewed five projects under the pre-positioned funding of one country-based pooled fund, involving two partners, with a total budget of $17.40 million. The Board noted that the two partners had neither managed project funds in separate bank accounts nor shown that they used a code-based accounting system in a pooled bank account to account for the projects' transactions and cash balances separately. Instead, the funds of $17.40 million had been pooled in the bank accounts of the partners, who managed all their own funding resources. These issues had been identified by third-party audit firms as early as 2020; however, the two partners had not yet rectified the situation, and the Office for the Coordination of Humanitarian Affairs had not taken any follow-up actions or compliance measures.

457. The Board further reviewed the disbursements, cash balances and payment records as at 31 March 2024 provided by the Office for the Coordination of Humanitarian Affairs and the two partners and noted that the disbursements for the five projects, once the grant agreements had been signed, amounted to $14 million (at a ratio of 80 or 100 per cent). The two partners had a balance of $2.90 million in their bank accounts as at 31 March 2024, after transferring $3.27 million to sub-partners. However, the partners did not readily provide sufficient documentation for pre-positioned funds amounting to $7.83 million.

458. Furthermore, the Board was not provided with the financial records of the above-mentioned $3.27 million transferred to subpartners. Therefore, the Board could not obtain sufficient assurance regarding the actual utilization of the cash transferred to subpartners and the project implementation performance.

459. The Office for the Coordination of Humanitarian Affairs explained that certain countries and legal contexts may not allow separate bank accounts, as in the case of the selected country-based pooled funds, and that its operational manual allowed for the use by partners of a code-based accounting system in a pooled bank account, ensuring that all related transactions remained traceable and could be audited. However, the partners did not readily provide the documented evidence of payment.

460. The Board is concerned about the actual utilization of the missing $7.83 million in funds with no supporting payment evidence. The Board is also concerned that failure to manage the funds in a separate bank account, as well as failure to show

accounting for project expenditures in a separate book, exposes the humanitarian funds to a higher risk of misuse and negatively affects the fulfilment of humanitarian responsibilities. The Board is of the view that any exceptions should be duly justified.

461. **The Board recommends that the Administration enhance oversight of the management of funds, especially regarding the use of a separate interest-bearing bank account, where available, accounting separately for the project expenditures, inform the third-party auditors of the funds of $7.83 million and take follow-up actions.**

462. The Administration accepted the recommendation.

(ii) $21.19 million can be charged to non-project overhead costs beyond programme support costs under one selected country-based pooled fund

463. According to the global guidelines for country-based pooled funds, direct costs must be clearly linked to project activities and the achievement of a project's objectives. Indirect costs are referred to as programme support costs, which are costs incurred by the partner that cannot be traced unequivocally to specific activities, projects or programmes and typically include corporate costs. Programme support costs are charged as a maximum of 7 per cent of the approved direct costs of the project.

464. The Board reviewed the risk absorption note developed by one selected country-based pooled fund, which was aimed at outlining the approach of the fund in ensuring that ongoing funding responded to increasing humanitarian needs, and noted that the guidance note provided by the Office for the Coordination of Humanitarian Affairs could be misconstrued as allowing partners to charge additional budget to cover non-project overhead costs that were not directly linked to project implementation, such as salaries of partners' country directors, the ceiling of which was 33 per cent of the budgets. In this case, an additional 26 per cent of the budget, amounting to $21.19 million (based on the launching allocation of $81.50 million), could be charged for overhead costs as non-project salaries and non-project non-salary costs, beyond the programme support costs. Therefore, an estimated one third of the humanitarian funds could be utilized for non-project overhead costs instead of for direct humanitarian assistance.

465. The Board further reviewed the grant agreements signed in 2023 between donors and the Office for the Coordination of Humanitarian Affairs and noted that donors clearly specified that the contributions had been made to leverage funds to save lives, alleviate suffering and maintain human dignity while ensuring the cost-effectiveness of the utilization of the funds.

466. The Office for the Coordination of Humanitarian Affairs explained that "non-project-related costs" in the above-mentioned risk absorption note referred to project-enabling costs, which were actually part of direct costs. The eligibility of all of the costs will be audited by the third-party audit firms.

467. The Board is of the view that, in accordance with the global guidelines for country-based pooled funds, project-enabling costs are direct costs that should be linked directly to project implementation. Providing a guidance note might be misconstrued as allowing the utilization of 33 per cent of the project budget as costs not directly linked to project implementation, which is not in compliance with the guidelines. Furthermore, the essential purpose of country-based pooled funds is to support the delivery of live-saving, suffering-alleviating, human dignity-maintaining assistance in response to humanitarian crises.

468. The Board is concerned that providing guidance or wording that implies charging additional non-project-related costs not only fails to comply with

requirements specified in both the donors' grant agreements and the global guidelines for country-based pooled funds but also has a negative impact on the performance of the funds and the fulfilment of their humanitarian assistance responsibilities.

469. **The Board recommends that the Administration continue to verify the eligibility of all project expenditures through third-party audit firms following completion of the projects, especially with regard to the eligibility of the above-mentioned non-project overhead costs, in accordance with the global guidelines for country-based pooled funds.**

470. The Administration accepted the recommendation.

(c) Insufficient accountability options in assurance activities and compliance measures

(i) Lack of a timely refund of $4.23 million and further accountability options for some partners involved in fraud cases

471. According to the global guidelines for country-based pooled funds, partners have a responsibility to uphold the zero-tolerance policy of the United Nations and the Office for the Coordination of Humanitarian Affairs on abuse and misconduct, including fraud and other corrupt practices. Moreover, further adjustment to the total amount to be refunded may arise through the audit process relating to fraud cases in cases where some expenditures are deemed ineligible. Partners should refund any additional amount within 30 days of new formal notification. If no remedial action is taken within 90 days of the initial refund request date, further disbursements for all ongoing projects will be suspended and further compliance measures will be considered.

472. On a sample basis, the Board reviewed 12 fraud cases, involving an estimated amount of more than $100,000, referring to the Office for the Coordination of Humanitarian Affairs, of 54 fraud cases in total, and noted the following issues:

(a) There were significant delays in refunds relating to projects involved in fraud cases. The Board noted that the total amount of financial loss through forensic audit or inquiry for these 12 cases was $5.12 million. As at 29 April 2024, only $893,597 (or 17 per cent) of that amount had been refunded. Of the 12 cases, 8 had been detected or reported within the entity before 2022, and the earliest case had been identified in November 2018, with the longest delay in refund of 22 months;

(b) Further actions were needed to hold certain partners accountable for intentional fraud and refusal of refund. The Board reviewed the case involving partner A of one country-based pooled fund and noted that the oversight body had confirmed that the total amount of $147,052 should be refunded by partner A. On 14 August 2023, the Office for the Coordination of Humanitarian Affairs requested partner A to process the refund. However, partner A refused the Office's request for a refund. The Board also noted that, in the grant agreement with partner A, it was clearly stated that, if the partner did not reimburse the funds, the Office reserved the right to take legal action against the partner. However, as at 10 May 2024, the Office had not taken any further legal action against partner A;

(c) Remedial actions and verification relating to problems identified in the assurance activities were not effective enough. The Board noted that, during a financial spot check of partner A's projects in October 2018, problems had been identified that were the same as or similar to the ones involved in the fraud case. Notwithstanding actions taken by partner A, verification on the part of the Office of the authenticity and actual results of remedial actions proved to be insufficiently effective, which added to the financial cost and time spent on the fraud that was later identified. Similar cases had also been noted for partner B in relation to one of the above-mentioned 12 fraud cases.

473. The Office for the Coordination of Humanitarian Affairs explained that it had informed partner A of the amount outstanding and was working to seek recovery. If the amount was not recovered, the Office would request the write-off of the loss and communicate to the partner the termination of eligibility.

474. The Office for the Coordination of Humanitarian Affairs also explained that findings from financial spot checks were required to be triangulated with other assurances, including project-end audits. However, if the Office had concerns resulting from financial spot checks, it may still take informal conservative measures to safeguard United Nations funding, such as pausing the eligibility of the partner. In addition, the Office had introduced annex 8, entitled "Non-compliance measures framework", to the new global guidelines for country-based pooled funds, which provided a framework within which to take more timely action on critical findings from assurance activities.

475. The Office for the Coordination of Humanitarian Affairs further explained the difference between holding partners accountable after fraud had been confirmed and taking timely action on findings from financial spot checks. For the first, a range of measures were taken in relation to partners that refused to provide a refund, including permanent termination of eligibility and notification provided to donors and United Nations agencies. Even where a refund was made, eligibility may still be terminated on the basis of the severity of the case. For the second, assurance activities were aimed at minimizing risk and taking action to address weaknesses identified. However, risks could not be removed entirely.

476. The Board is of the view that the lack of taking timely and effective measures with respect to the early identification, verification and taking of remedial actions, as well as the lack of holding partners involved in fraud cases accountable, may cause financial and reputational damage to the United Nations and undermine the faith of stakeholders.

477. **The Board recommends that the Administration expand actions to hold accountable partners that do not refund losses due to fraud by strengthening arrangements for sharing information with other United Nations agencies about those partners.**

478. The Administration accepted the recommendation.

(ii) Sharing fraud-related information with certain donors beyond the scope defined in the current policy

479. According to the most recent standard operating procedures (from 2019) for the handling of potential fraud relating to the Central Emergency Response Fund, all donors that requested to receive fraud-related information will be notified thereof, along with all donors that contributed more than $1 million to the fund in the year to which the case relates. Only donors to the fund in the year in which the relevant allocation was made will be eligible to be informed through this process.

480. In accordance with the current practice of sharing fraud-related information relating to country-based pooled funds, donors that contribute to those funds at the time when funding is allocated to the concerned projects and/or when the fraud-related information is sent out will be provided with such fraud-related information.

481. The Board reviewed the sharing of fraud-related information relating to the Central Emergency Response Fund for 2022 and 2023 and noted that, for two Member States that had either contributed far less than $1 million or had made no contributions

in 2022 and 2023, information had been shared regarding 24 fraud cases for those two years, of which 5 cases related to the years 2022 or 2023, which was beyond the sharing scope described in the standard operating procedures. Similar cases had also been noted for another Member State with which fraud-related information had been shared regarding one selected country-based pooled fund in 2021.

482. The Office explained that, in the guidance note on communicating information on the fraudulent use of the Central Emergency Response Fund (issued in July 2015), it was stated that donors that were interested in being informed should sign up for that service by informing the Fund secretariat and that it was ensured therein that only interested donors would be contacted and that unnecessary administrative work would be eliminated for all parties. The Office also explained that the notification shared with the above-mentioned two donors included cases relating to years in which those donors had made contributions, that notification on the latter country-based pooled funds case had been sent as a courtesy to donors and that the Office had taken the liberty of including the Member State when sharing the information, even though it had not contributed to that country-based pooled fund.

483. The Board is of the view that information on fraud cases is vitally sensitive and confidential information of the Organization. Although the Office has procedures in place for sharing information on fraud cases with donors, that guidance could provide minimal clear criteria to ensure the security of such sensitive information.

484. **The Board recommends that the Administration review and update the guidance on the sharing of fraud case-related information to provide clear minimum criteria for identifying recipients to ensure the security of sensitive information of the Organization, while recognizing that discretion may be required in certain cases to include additional recipients.**

485. The Administration accepted the recommendation.

(iii) Inconsistent tenure of Advisory Board members relating to some donors and partners in selected country-based pooled funds

486. According to the global guidelines for country-based pooled funds, the Advisory Board should ensure the genuine, equitable and vocal participation of all four constituencies. Advisory Board membership should rotate on a regular and staggered basis, normally on a 12-month tenure.

487. The Board reviewed the Advisory Board composition of two selected country-based pooled funds and noted that two donors and two partners had been the board members of one selected country-based pooled fund since 2020, although there were 56 partners qualified to serve as Board members. Similar cases had also been noted in another selected country-based pooled fund. The Board also noted that some donors had once manifested disappointment at not being included in the Advisory Board.

488. The Board further noted that one partner, as a member of the Board, had requested additional funds to cover the currency conversion losses of its project and had been endorsed. However, it was stated explicitly in the global guidelines for country-based pooled funds that any loss incurred by the partner due to exchange rate fluctuation could not be included as expenditure; that is, partners could not exceed the expenditures on the approved budget line due to exchange losses.

489. The Office for the Coordination of Humanitarian Affairs explained that the cost extension for the project endorsed by the Advisory Board had been in response to the increased costs of goods and services due to supply chain disruptions, labour shortages and inflation and not to cover currency conversion losses. By extending the project costs, the partner had been able to ensure the successful completion of the project.

490. The Office for the Coordination of Humanitarian Affairs also explained that, while rotation of the Advisory Board membership had been encouraged, numerous circumstances had had an impact on the timing of rotation, including conflict and upheaval in the countries of operation, the positioning and capacities of the different constituencies to put forward nominees, and changes in the capacities of organizations and individuals to fulfil the role. In that regard, the spirit of intended rotation was set out in the global guidelines for country-based pooled funds, but the matter was beyond the complete control of the Office and was handled in consultation with the constituencies. The different constituencies were encouraged to nominate members that were well placed to fulfil the envisaged role and support a well-functioning Advisory Board and, in some cases, constituencies nominated a certain member for a consecutive term.

491. The Board is of the view that the long tenure of Advisory Board members is not in full compliance with the spirit of the global guidelines for country-based pooled funds, and may run the risk of affecting the impartiality and fairness of the Advisory Board in carrying out its responsibilities, as well as raising concerns from other donors, partners and the public.

492. **The Board recommends that the Administration continue to regularly monitor the composition and rotation of Advisory Board members, which should include periodic rotation of members to the extent possible and in view of practical considerations, to ensure that the actual composition is optimized in support of its remit.**

493. The Administration accepted the recommendation.

14. Information and communications technology

494. As part of management reform, the Office of Information and Communications Technology was established to play a pivotal 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 field operations with cost-effective, standardized and interoperable ICT services. Furthermore, the Office identifies frontier technologies to build innovative technology solutions and ensures the security of the ICT infrastructure, applications and services in the face of complex ICT security challenges.

495. In recent reports (A/78/7/Add.20 and A/78/578), the Advisory Committee on Administrative and Budgetary Questions stressed the necessity for comprehensive, detailed and transparent information on ICT assets, investment and any anticipated efficiency gains and expressed the importance of strengthening oversight and accountability mechanisms and the need for greater compliance with regulations and rules to support mandate delivery Secretariat-wide. In other reports (A/77/7/Add.22 and A/77/574), the Advisory Committee identified challenges under the new ICT strategy, including the need for strengthened ICT governance, as well as growing ICT security threats and overreliance on ICT contractual services and personnel.

496. In response to the above-mentioned concerns, the Board reviewed the functioning of the governance framework, the development of the accountability framework, contract management and ICT security, among others, and identified the following weaknesses:

(a) Shortcomings in the functioning of the information and communications technology governance framework

497. The current Secretariat-wide ICT governance structure is composed mainly of three layers: (a) a governance framework, the ICT Steering Committee, which ensures

that the implementation of the ICT strategy is aligned with business priorities and helps to catalyse further operational improvements; (b) a centralized ICT normative framework, including United Nations policies, architecture and standards; and (c) Office of Information and Communications Technology staff, acting as interfaces or liaisons between the Office and other United Nations entities to promote the adoption of ICT governance and facilitate the implementation of an ICT normative framework at the entity level.

498. The Board continued to review the functioning of the ICT governance structure and noted that the accountability framework was being developed to define roles and responsibilities upon the Board's recommendation, while there were instances in which the ICT governance framework was not functioning properly. The details are as follows:

(a) The compliance rate relating to respective entities' submission of the ICT budget for review by the Office of Information and Communications Technology was unsatisfactory. For 2023, only 16 of 28 entities (57.14 per cent for 2023, 64 per cent for 2022 and 0 per cent for 2021) had submitted their ICT budget proposals for review by the Office, with a compliance rate of 33.33 per cent (5 of 15) for Secretariat entities and 84.62 per cent (11 of 13) for field missions;

(b) ICT projects were not submitted to the ICT Steering Committee for review, which ran the risk of loss and waste. The Board reviewed the ICT Steering Committee minutes since 2021 and the projects list from Umoja, and noted that there were 15 ICT projects, each with an accumulated expenditure exceeding $1 million as at 18 April 2024, while none of these projects had been submitted to or reviewed by the Committee. The total amount of the 15 ICT projects was $158.5 million. Taking the United Nations Office at Nairobi as an example, in July 2020, that Office initiated an ICT investment project to renovate its data centre, which was not submitted to the ICT Steering Committee for review at that time. From 2021 to 2023, the United Nations Office at Nairobi spent $1.98 million on the data centre renovation. Similarly, through its annual ICT budget review mechanism, the Office of Information and Communications Technology identified that entities, including ECLAC and the United Nations Truce Supervision Organization, had reported their ICT budgets, including some ICT budget expenses that should have been considered as part of the ICT project investment, but that no associated ICT projects had been submitted to the ICT Steering Committee for review heretofore.

499. The Board is concerned that low compliance with submission for budget review and ICT project review may result in fragmentation, non-compliance with the existing ICT landscape or structure, or financial losses.

500. **The Board reiterates its previous recommendation that the Administration ensure that all ICT budget proposals are reviewed on the basis of the same standard and method.**

501. **The Board also recommends that the Administration ensure that all United Nations Secretariat entities submit ICT projects with a cost of over $1 million (over a four-year period) to the ICT Steering Committee for approval.**

502. The Administration accepted the recommendations.

(b) Possible losses or waste in relation to information and communications technology contract management and Microsoft 365 account management, among others

503. The Board reviewed ICT contract management and Microsoft 365 account management, among others, and identified the following instances involving the potential wasting of resources and financial losses due to weakness in management:

(i) About $3 million in uncollected volume discounts under information and communications technology contracts

504. The Board was informed that a volume-based discount was a price discount applied to the invoice amounts of the contract when the accumulated annual expenditure reached and exceeded the targeted threshold. That was included in some ICT contracts to save costs and build long-term stable and predictable relationships.

505. The Board then conducted an analysis of the timeliness and completeness of the collection of the volume discounts under ICT service contracts and noted the following instances of uncollected discounts as at 31 March 2024:

(a) A total estimated uncollected volume discount of $2.65 million, under contract PD/D0028/05 between the United Nations and company T, for the provision of communications and information technology staffing support, amended for a volume discount for the annual invoice amount exceeding the threshold of $45 million since the financial year 2016–2017;

(b) A total estimated uncollected volume discount of $219,667.48 under contract PD/C0125/20 for the provision of laptop and desktop computers and related equipment and services, between the United Nations and company P, allowing a volume-based discount for the annual invoice amount exceeding the $500,000 threshold since the financial year 2020–2021 and amended for the annual invoice amount of the contract exceeding the $250,000 threshold since the financial year 2023–2024;

(c) A total estimated uncollected volume discount of $50,174.85 under contract PD/C010/20, for the provision of software development and application services, between the United Nations, company E and company T, allowing for a volume discount for the annual invoice amount exceeding the $20 million threshold since the financial year 2021–2022;

(d) A total estimated uncollected volume discount of $57,723.31 under contract PD/C205/13, for the provision of firewall appliances, software, and related maintenance and other services, between the United Nations and company C, allowing for a volume discount for the annual invoice amount exceeding the $5.8 million threshold in the financial year 2022–2023.

506. The Board is of the view that a robust contract management and financial tracking system needs to be guaranteed to ensure the regular review of discounts and savings, avoid potential financial losses and maintain communications with suppliers regarding volume discounts and timeliness for collection thereof.

507. **The Board recommends that the Administration ensure that the Office of Information and Communications Technology, in coordination with the Procurement Division and end-user entities, follows up with the contractors to ensure that the discounts due for information and communications technology contracts are collected in full and in a timely manner.**

508. The Administration accepted the recommendation.

(ii) Delay in implementation of the new CarLog system of $1.9 million in purchase order value

509. The Board noted that the new CarLog system (electronic vehicle fleet management devices) in $1.9 million in purchase order value had not been functioning for more than two years.

510. The Administration explained that, in June 2009, the United Nations had signed a contract (PD/C0123/09) with company E for the provision of the new CarLog

system for peacekeeping and special political missions. The system contract was amended in 2021 to introduce the system. The system uses Internet connectivity to transfer real-time vehicle tracking. This new feature was a significant technical design change from the original statement of work, requiring an information security assessment for potential exposure to ICT security risks. The design change also resulted in database incompatibility issues between the new and old systems. The technical challenges, combined with a later information security review, led to delays in the overall implementation timeline.

511. The Administration explained that the United Nations Global Service Centre had provided the Transport Unit (in the Logistics Division of the Office of Supply Chain Management, in the Department of Operational Support) with a server with the right software. On 4 April 2024, the Transport Unit configured the new server. With data transfer security issues resolved, it is now possible for the CarLog system to function as intended, and affected missions, such as the United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic and the United Nations Interim Force in Lebanon, are now connected. Given that the issue has been addressed, the Board is not making a recommendation in the present report.

(iii) Low utilization rate of public cloud resources, indicating resource waste

512. In April 2018, the United Nations introduced the cloud strategy and envisaged the adoption of a hybrid, multi-cloud approach that would facilitate the integration of internally hosted systems with public cloud-based technologies, enterprise systems and platforms. Company M and company A were then selected as the United Nations public cloud solution providers.

513. As at 18 April 2024, more than 198 websites and 341 applications had been transferred and hosted on the public cloud platforms of company M or company A, accounting for 24 per cent of websites and 34 per cent of applications within the United Nations Secretariat, and the number of public cloud-based websites and applications were expected to grow continuously.

514. The Board analysed the utilization rate of the subscribed public cloud resources and noted the following deficiencies:

(a) As at 30 November 2023, the average utilization rate of subscribed public cloud computing resources on the cloud platforms of company M and company A were 4.07 per cent and 5.79 per cent, respectively. Of 560 company M subscribed computing resources, 404 resources (72.14 per cent) had an average utilization rate lower than 5 per cent. Of 72 company A subscribed computing resources, 60 resources (83.33 per cent) had an average utilization rate lower than 5 per cent;

(b) As at 30 November 2023, the total quota of subscribed storage resources for company M was 2,439.81 terabytes, with usage of only 98.95 terabytes, and the utilization rate of storage resources was 4.06 per cent. For company A, the total quota of subscribed storage resources was 7.7 terabytes, with only 0.22 terabytes (2.85 per cent) being used.

515. The Board reviewed the cost-saving recommendations provided by the public cloud vendors, company M and company A, which had estimated that there could be approximately $1.22 million in potential annual savings through the implementation of cost optimization suggestions, such as right-sizing, deletion of non-used resources or reserved instances based on cloud providers' recommendations.

516. The Board is of the view that the low utilization rate of cloud computing and storage resources in subscribed public cloud services indicates the oversubscription or undue allocation and use of public cloud resources and that necessary cost-saving

suggestions have not been implemented in a timely manner, which may result in financial resource losses.

517. The Administration explained that the circumstances had evolved whereby the cloud was not always the cost-effective solution for all use cases, which may result in a low utilization rate of public cloud resources. Therefore, the cloud strategy needed to be updated to be aligned with the latest ICT landscape and business needs, and the Office of Information and Communications Technology was in the process of updating the cloud strategy, which was expected to be completed by the third quarter of 2024.

518. **The Board recommends that the Administration ensure that the Office of Information and Communications Technology, together with respective entities, updates the cloud strategy in a timely manner to align it with the latest information and communications technology landscape and business requirements, enhances public cloud resource utilization and implements cost-saving measures, as appropriate.**

519. The Administration accepted the recommendation.

(iv) Weakness in Microsoft 365 account management, increasing the risk of financial waste

520. In 2017, the United Nations and company M signed an enterprise agreement and shifted to the Microsoft 365 licence subscription for email, cloud storage, Microsoft Teams and other productivity applications. The price of the Microsoft 365 E3 standard licence was $15.8 per month per account, and the price of the Microsoft 365 E5 add-on feature was $6.34 per month per account.

521. The Board was informed that entities self-managed their Microsoft 365 accounts, while the Office of Information and Communications Technology monitored the utilization thereof, conducted inactive account clean-up on a quarterly basis and recovered costs from entities on a yearly basis to pay company M.

522. The Board analysed Microsoft 365 usage activity as at 13 March 2024 and noted that, of a total of 63,444 licences, 1,840 licences were unused and 950 accounts that should have been decommissioned had been inactive for more than 90 days.

523. The Administration explained that not all entities had complied with the policies for and guidance on Microsoft 365 management and that the Office of Information and Communications Technology lacked the ability to hold entities accountable for not having complied, resulting in the Office's lack of visibility to all entities' Microsoft 365 accounts Secretariat-wide.

524. The Board is concerned that weakness in Microsoft 365 account management may further increase the risk of financial waste.

525. **The Board recommends that the Administration ensure that the Office of Information and Communications Technology strengthens its monitoring and reminder mechanisms to guide entities in Microsoft 365 accounts management and reduce any financial losses.**

526. The Administration accepted the recommendation.

(c) Weakness in information security management

527. ICT security challenges and incidents have been of great concern to the Organization. In this regard, security researchers reported 319 vulnerabilities in 2023, 14 of which were critical and 91 of which were of high severity. Moreover, the ICT security team of the Office of Information and Communications Technology was

engaged at distinct levels in 93 security incidents throughout 2023, and these incidents affected 34 Secretariat entities globally.

528. The Board then analysed the security compliance rate for websites and applications across the United Nations Secretariat on the basis of data from Unite Apps, a central registry/inventory of information on the United Nations Secretariat applications and public websites, and noted that, as at 6 May 2024, Unite Apps had recorded 740 non-retired websites and 893 active applications. Moreover, some websites and applications lacked self-certified security records and did not meet ICT security policies and standards, posing security risks. The details are as follows:

(a) In all, 113 websites and 90 applications lacked a certification record;

(b) A total of 87 websites and 126 applications were certified one year ago, and some were not certified for more than two years, against the target of certification at least once per year;

(c) In all, 32 per cent of the websites and 30 per cent of the applications did not fully comply with information security requirements;

(d) A total of 71 per cent of the websites and 61 per cent of the applications did not sufficiently conform with United Nations ICT architecture;

(e) In all, 9 per cent of the websites and 13 per cent of the applications did not comply sufficiently with United Nations ICT standards.

529. The Board is of the view that the visibility of ICT security at entities across the Secretariat is insufficient. For example, the infrastructure and applications hosted by the entities themselves could not be assessed comprehensively by the Office of Information and Communications Technology owing to a lack of required access.

530. The Board is concerned that security non-compliant websites and applications may be vulnerable to emerging cyberattacks, and that a lack of visibility of entities' security compliance across the Secretariat may run the risk of information security challenges going undetected or not being duly dealt with.

531. **The Board recommends that the Administration clearly define the scope of ICT security, including key central and local roles and responsibilities in the United Nations ICT accountability framework as part of the ICT governance structure, and ensure that they are properly implemented.**

532. The Administration accepted the recommendation.

C. Transmissions of information by management

1. Write-off of losses of cash, receivables and property

533. The Administration informed the Board that it had formally written off $338,734 in accounts receivable, advances and property (equipment and real estate assets), with a net cost of $1.47 million.

2. Ex gratia payments

534. The Administration reported that, in accordance with financial regulation 5.11, the total amount of $14,069 had been paid as ex gratia payments during the year ended 31 December 2023.

3. Cases of fraud and presumptive fraud

535. The Administration informed the Board that the Financial Policy and Internal Controls Service had consolidated all cases of fraud and presumptive fraud received

from the entities, the Office of Internal Oversight Services and the Office of Human Resources with regard to the volume I financial statements for the period from 1 January to 31 December 2023 and reviewed them for consistency and completeness before the final report was compiled to ensure accuracy in reporting.

536. For 2023, the Administration reported 118 cases of fraud or presumptive fraud, with an estimated amount of $8.82 million in 44 cases, as shown in table II.29. For the rest of the cases, the estimated amount was categorized as "undetermined or not applicable" or as having "no financial impact" in the report provided to the Board.

Table II.29
Cases of fraud and presumptive fraud

Item	*Fraud*	*Presumptive fraud*
Number of cases	23	95
Number of cases in which investigation was completed	23	–
Number of cases pending/under investigation	–	95
Number of cases in which amount of fraud/presumptive fraud was estimated	23	21
Estimated amount of fraud/presumptive fraud (millions of United States dollars)	0.65	8.17

Source: Data provided by the Administration.

537. The Administration informed the Board that the submitted cases had reflected the long-standing policy that cases of fraud or presumptive fraud should be reported where a preliminary review of evidence indicated grounds to suspect fraud, but not on the basis of unsupported allegations, and that the updated status of cases previously reported as presumptive fraud were also included in the annual report.

D. Acknowledgement

538. 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*) Dorothy **Pérez Gutiérrez**
Acting Comptroller General of the Republic of Chile

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

24 July 2024

Annex I

Status of implementation of recommendations up to the financial year ended 31 December 2022 (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	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.	Implementation of this recommendation is still ongoing. The guidance on real estate measurements issued in August 2023 is available on the Knowledge Gateway portal. The deadline for implementing mandatory changes in offices away from headquarters and economic commission for space, capacity and occupancy measurements was 31 December 2023. As at the end of June 2024, several entities have not yet completed data entries. Implementation in all other entities continues. The new target date extension requested for implementation is 31 December 2024. The Office of Programme Planning, Finance and Budget has developed and launched a status dashboard and is monitoring implementation status and constantly following up on the entry of the remaining data. To ensure coordination and consultations with entities, a further extension may be requested to address other areas of real estate data for completeness and entities' compliance for data quality.	Given that guidance for standardized measurements has not yet been issued, the Board considers this recommendation to be under implementation.		X		
2	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.	Implementation is ongoing. Estate management reporting, analysis and dashboards are internally deployed until completion of data changes. The development of mapping is ongoing, which will enable cross-functional reporting and analysis. However, it is not possible to fully proceed with full implementation of these categories, due to the delay in obtaining the necessary	Given that individual analysis of data availability for potential breakdowns for cost reporting for each duty station and feasibility of their implementation is 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
				measurements data, which is pending (A/71/5 (Vol. I), chap. II, para. 126). The time frame for completion has been extended due to the limited resources available to the estates management Unit and exhaustive coordination with entities. The target date extension requested for implementation is 31 March 2025.					
3	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.	Implementation of the recommendation is ongoing. Main metrics, and additional direct and intermediary metrics have been determined and defined. Elementary metrics are available in internal estate management reports, analysis and dashboards, and will be further expanded when the standardized measurements are implemented, along with cost categorizations. The time frame for completion has been extended due to limited resources available to the Estates Management Unit and exhaustive coordination with entities. The target date extension requested for implementation is 31 March 2025.	Given that individual assessments, analysis and alignments are required and ongoing, the Board considers this recommendation to be under implementation.		X		
4	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.	Data collection is now complete and all 11 cases in the pilot have been completed. The pilot confirmed that if matters are treated as priorities, then the time to handle and dispose of the matters is 7.4 months on average. However, not all cases can be prioritized. Currently, the number of disciplinary cases referred to the Administrative Law Division for processing far exceeds the resources available to allow for setting realistic and achievable target indicators for the handling of cases. Staff departures continue, new staff need to be trained and priorities are constantly shifting. Once there are sufficient trained resources available to handle the Division's caseload, the data gathered during the pilot project may then be used to set target	Given that insufficient trained resources are available to handle the Division's caseload, the Board considers this recommendation to be under implementation.		X		

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				indicators. Accordingly, this recommendation remains under implementation.					
5	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 submitting a revised proposal to the General Assembly in 2025. Revised target date 31 December 2025.	Given that the new proposal has not been submitted to the General Assembly, the Board considers this recommendation to be under implementation.		X		
6	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.	The implementation of this recommendation is in progress.	Given that the common policy framework is at the stage of internal consultation, the Board considers this recommendation to be under implementation.		X		
7	2016	A/72/5 (Vol. I), chap. II, para. 205	The Board recommended that the Administration expedite the process of defining and implementing the role of the Medical Services Division in technical supervision, oversight and enforcement of medical standards system-wide, based on the recommendations of the High-level Independent Panel on Peace Operations.	The request calls for clarification of the role of the Health-Care Management and Occupational Safety and Health Division in technical supervision, oversight and enforcement of medical standards system-wide. Given that the standards apply system-wide, they can only be implemented through mechanisms that apply to all medical entities that the Division supports. This has been achieved through the progressive introduction of a suite of new capabilities in the system-wide EarthMed record management system. These include technical clearances for all new medical staff, compulsory annual confidentiality agreements,	Given that the system wide technical supervision has been achieved, the Board considers this recommendation to be implemented.	X			

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				compulsory standardized training requirements, clinical protocol audits, and a near real-time reporting dashboard for key medical processes. The Division's authority is implemented through a comprehensive user access management system, where access by each individual user to the medical information system can be provided, modified or withdrawn. The request is therefore considered met and should be closed.					
8	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 Financial Resources Management Service/United Nations Treasury is working with the various stakeholders on this matter. The list of entities participating in the main cash pool is under review to determine the entities for which an agreement is required. Once the review has been completed, written agreements will be established with the entities identified.	Given that the list of entities for which a written agreement is required is under the review of the Administration, the Board considers this recommendation to be under implementation.		X		
9	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 cases where retirees were survived by dependent child(ren) rather than by spouse(s) were tracked manually for the 2023 year-end full actuarial valuation. Only 13 records were identified and confirmed, some of which represent children with disabilities. In the case of the latter, the age limit of 21 years, after which the benefit should stop, does not apply. The overall impact on the calculation of the After-Service Health Insurance liability is insignificant. The Administration has received written confirmation on this from the independent actuary and made it available to the Board. The Administration hereby requests closure of this recommendation.	Given that the overall impact of the cases on the calculation of the After-Service Health Insurance liability is insignificant, and the Administration received a written confirmation on this from the independent actuary, the Board considers this recommendation to be implemented.	X			
10	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	The relevant contract provisions and related comments from third-party administrators are undergoing internal review with an anticipated completion date of 31 December 2024.	Given that the contracts that contain reporting standards required from third-party administrators have not been formally signed, the Board considers		X		

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			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.		this recommendation to be under implementation.				
11	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.	Draft requirements related to the mandatory reporting of fraud and suspected fraud are undergoing internal review and review by relevant third-party administrators with an anticipated completion date of 31 December 2024.	Given that the contracts that contain fraud reporting requirement from third-party administrators have not been formally signed, the Board considers this recommendation to be under implementation.		X		
12	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 Administration has now put into place the following activities: (a) daily inflow and outflow estimates for upcoming periods of six weeks (using Umoja data on maturing investments, approved outgoing payments and outflows based on past flows); (b) continuation of monthly inflow and outflow estimates for upcoming periods of 12 months based on past outflows; (c) T+3 outgoing payment amounts approved by the Cashier's team; (d) a just-in-time funding model that reduces amounts held in operational bank accounts, thus increasing amounts available for investment; and (e) same-day visibility of contribution receipts. This recommendation has therefore been implemented.	Given that the Administration has undertaken activities to enhance the forecasting of cash flows and assess liquidity requirements, the Board considers this recommendation to be implemented.	X			
13	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	Based on the recommendations, the following changes have been implemented. The projected requirements for different currencies and historical data and patterns of actual usage of those currencies is now used as a basis for preparation of the currency hedging programme starting with the 2020 regular	Given that the information on the actual usage of hedged currencies in the regular budget is maintained in and is available from Umoja and agreement of additional counterparties is finalized,	X			

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			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.	budget period. The information on the actual usage of hedged currencies in the regular budget is maintained in and is available from Umoja.	the Board considers this recommendation to be implemented.				
14	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 user acceptance testing phase for the new information technology system using migrated production data was initiated in April 2024. Upon successful testing and satisfaction of business requirements, it is expected that the new portal will be launched by October 2024. User training is envisaged for the third and fourth quarters of 2024.	Given that the new platform, United Nations Civil Society Portal, is underway, the Board considers this recommendation to be under implementation.		X		
15	2018	A/74/5 (Vol. I), chap. II, para. 372	The Board recommended that the Archives and Records Management Section interact with the focal points of the departments, offices and missions to ensure preparation of retention schedules followed by review by the Section.	All entities have now provided their approved retention schedules. The Administration considers this recommendation to be implemented and requests for its closure by the Board.	Given that the Department of Safety and Security and the Department of Global Communications have developed the retention schedule, the Board considers this recommendation to be implemented.	X			
16	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	The Africa Hall project team has continued to focus effort on avoiding any delay in project implementation. The pending activity on the critical path is handover and commissioning. The following actions are being undertaken: (a) close monitoring of activities leading	Given that the efforts and key activities are still in progress, the Board considers this recommendation to be under implementation.		X		

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			critical path, to avoid risk of cost escalation.	to the substantial completion. (Cost, project schedule in the critical path); (b) engagement with senior management and relevant stakeholders for timely decision-making; (c) close coordination and engagement with the final users and maintainers to whom the project will be handed to. The Economic Commission for Africa (ECA) requests that the implementation date be revised to align to the life of the project, as the actions to be undertaken are required throughout the project life.					
17	2019	A/75/5 (Vol. I), chap. II, para. 61	The Board recommended that the Administration carry out a thorough review of cost recovery in the cost-recovery fund (10 RCR) to ensure its reasonableness.	The Administration included guidance on fund balance utilization and surpluses in its annual guidance issued in November 2023. 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 ratio among the entities still exist, the Board considers this recommendation to be under implementation.		X		
18	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.	Consultations were undertaken with key stakeholders in the United Nations offices in Geneva, Vienna and Nairobi, the United Nations Environment Programme, the United Nations Human Settlements Programme (UN-Habitat) and the Economic and Social Commission for Asia and the Pacific. The Administration's second internal draft of the guidelines on the management of programme support costs has undergone initial internal review. and the document is being revised and updated based on the suggestions and feedback. As the next step, the updated draft will be shared with the wider relevant stakeholders for consultations.	Given that the draft guidelines on the management of PSC have been circulated for internal review, the Board considers this recommendation to be under implementation.		X		
19	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	The Administration is taking the final steps to implement this recommendation, to improve alignment of budget and actual expenditures concerning consultants and individual contractors. A holistic approach	Given that the alignment is planned to be completed by the target date of June 2024, the Board considers		X		

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			expenditure within a reasonable time frame.	was taken to ensure the alignment is appropriate for all parties using the same objects of expenditure in Umoja. It is expected that there will be no issues with the alignment and, starting in January 2025, expenditure will be correctly mapped, except for situations where the budget is consolidated to address specific demands (e.g. the presentation of consolidated resources for training).	this recommendation to be under implementation.				
20	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 the managers of those negative cash balances to take corrective action. Formal guidelines will be finalized by the end of 2024. It was decided to revise the completion date of this recommendation due to competing priorities.	Given that the investment guidelines will be updated to ensure consistent references to the minimum credit rating criteria, the Board considers this recommendation to be under implementation.		X		
21	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 provided information on this during the 2023 audit and will not perform any further work on this recommendation. Based on the analysis carried out by the United Nations system Task Force on Accounting Standards, in prior years the impact of this observation on the calculation of the liability is insignificant. The Administration reiterates its request for the closure of this recommendation.	Given that the Administration has conducted preliminary reviews and has taken note of similar situations in other United Nations organizations, the Board considers this recommendation to be under implementation.		X		
22	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	The issuance of the Secretary-General's bulletins remains under consideration.	Given that the issuance of the Secretary-General/s bulletins remains under consideration, the Board considers this recommendation to be under implementation.		X		

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			Department of Operational Support.						
23	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 Administration has confirmed that the dual structure has been implemented and it is functioning effectively. The Administration reiterates its request for the closure of this recommendation.	Given that the coordinated update has been summitted, the Board considers this recommendation to be implemented.	X			
24	2019	A/75/5 (Vol. I), chap. II, para. 227	The Board recommended that the Administration define criteria for what constitutes an entity and clarify which entities are included in the delegation of authority framework as contained in Secretary-General's bulletin ST/SGB/2019/2.	The Administration has defined more precise criteria for what constitutes an "entity" in accordance with the delegation of authority framework. The three criteria are as follows: (a) the office operates under the direct authority of the Secretary-General; (b) the office includes at least one United Nations Secretariat staff member who has a decision-making role in managing human, financial and physical resources and, therefore, can accept a delegation; (c) if the office lacks appropriate administrative capacity to execute decisions, it is supported by a Secretariat entity. The criteria are used when assessing whether heads of newly created "offices/units" need to receive delegated authority from the Secretary General. Consequently, the Administration considers this recommendation to be implemented and requests its closure.	Given that the latest version of ST/SGB/2019/2, which includes a definition of an "entity", is in its finalization stage, the Board considers this recommendation to be implemented.	X			
25	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	The Administration has completed the review of the entities that were excluded from the delegation of authority framework in 2019 based on precise criteria. This reassessment has resulted in	Given that the Administration has completed the review of the entities that were excluded from the	X			

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			framework in a time-bound manner.	a delegation of authority issued to one previously excluded entity, the Cameroon-Nigeria Mixed Commission. The outcome of the review has been documented in a new repository, where the Administration will record new "offices/units" as they are created. The Administration considers this recommendation as implemented and requests its closure.	delegation of authority framework in 2019 based on precise criteria, the Board considers this recommendation to be implemented.				
26	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.	The Administration requests the closure of this recommendation. The Administration has successfully completed the recommended exploration and has responded in full to the Board's concern expressed in paragraph 239 in chapter II of A/75/5 (Vol. I): "The Board considers it crucial that, for each authority delegated, the scope of the authority be clearly specified." The comprehensive exploration undertaken has informed enhancements to the delegation of authority portal that allow a more itemized specification and recording of each subdelegation and the resources covered by the delegation. The detailed scope of delegations in the portal allows for better monitoring and reporting.	Given that the revised policy has not been promulgated yet, the Board considers this recommendation to be under implementation.		X		
27	2019	A/75/5 (Vol. I), chap. II, para. 249	The Board recommended that the Administration expedite the revision of the Secretary-General's bulletin issued for the purpose of decentralizing decision-making to align it with the procedure followed for delegation of authority.	The revision of ST/SGB/2019/2 is in its finalization stage. The Administration is, in parallel, working on the enhancement of the delegation of authority portal so that the revised delegation instrument can be issued as soon as the revised delegation of authority policy is issued. The enhanced portal will be instrumental in ensuring a more agile process for future updates. The Administration respectfully requests that the status of this recommendation be updated to overtaken by events as this recommendation has	Given that the revised policy has been submitted for final legal review, and the recommendation is reiterated in paragraph 455 of A/78/5 (Vol. I), the Board considers this recommendation to be overtaken by events.				X

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				been reiterated in paragraph 455 in chapter II of A/78/5 (Vol. I).					
28	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 requests the closure of this recommendation. The Secretariat has successfully operated the enhanced system of delegation of authority for over 5 years and resource planning is a business-as-usual activity, particularly with regard to service provision. The Administration had implemented the recommendation through two reviews: (a) a survey conducted by the Management Client Board asking entities to self-assess the change in workload; and (b) an evaluation exercise by the Office of Internal Oversight Services (OIOS), which cautioned that it was impossible to disentangle the workload impact due to the new delegation of authority framework from other factors. The review phase – which is the focus of the recommendation – is completed.	Given that this recommendation is overtaken by events and that it made sense at the time but the Secretariat has been successfully operating the enhanced delegation of authority for over 5 years, the Board considers this recommendation to be implemented.	X			
29	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 the lessons learned, for further improvement.	The Administration requests the closure of this recommendation. The Business Transformation and Accountability Division has developed a response mechanism to address issues in the entities' exercise of delegated authorities. Two separate exercises addressing (a) issues of Umoja roles without the required delegation of authority; and (b) issues of authority delegated to non-staff including former or inactive staff members have already been successfully rolled out. These have resulted in the deprovisioning of Umoja roles (by entities or in some cases by the Umoja role owners at Headquarters) or withdrawal of delegated authorities in the portal at the request of the Business Transformation and Accountability Division. These exercises follow a consistent approach, with some adjustments based on the maturity of the exercise: (a) document	Given that the Managing of Delegation of Authority Section of the Business Transformation and Accountability Division has developed a response mechanism to address issues in the entities' exercise of delegated authorities, the Board considers this recommendation to be implemented.	X			

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				non-compliance test in a standard operating process; (b) follow-up with entity at working level on issues identified; (c) monitoring of trend evolution of the findings; (d) engagement with select entities involving the head of administration in the case of recurring issues to identify strategy for the first line of defence to implement and opportunities for improvement in support provided by the second line of defence; (e) documentation of progress on performance and resolution of cases; (f) if there is no resolution of the case, escalation to policy and business owner for final decision or action. The Administration performs checks on segregation of duties related to delegation of authority in all entities every quarter, and therefore considers this element of the recommendation already implemented.					
30	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.	The data model incorporating the additional recruitment stages, including increased data points on application status, has been released as planned. A wireframe has also been built to be integrated into the management dashboard. Currently the data model is being tested/validated and issues identified have been raised for review and resolution. Following resolution of the issues, the dashboard would be released to pilot entities to validate their data prior to a scaled roll-out of the report to all entities in the second quarter of 2024. The Administration will request closure of the recommendation during the final audit of financial year 2023.	Given that the data model has been released as planned, the Board considers this recommendation to be implemented.	X			
31	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	The issuance of the Secretary-General's bulletins remains under consideration. Having said that, the dual structure has been implemented and works well with the Department of Operational Support	Given that no update has been provided, the Board considers this recommendation to be under implementation.		X		

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			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.	providing the first tier of support to the entities and escalating matters that require policy clarification to the Office of Human Resources and the Department of Management Strategy, Policy and Compliance. That includes also keeping track of the data in relation to requests received. We can confirm that the Department of Operational Support maintains records of the type of request received.					
32	2019	A/75/5 (Vol. I), chap. II, para. 392	The Board recommended that the Administration make a distinction between operational guidance, to be applied using professional judgment and expertise, and mandatory policies, and issue procurement guidance and policy accordingly.	The Administration remains committed to implementing this audit recommendation and is continuing the work to ensure that a distinction is made between mandatory policy and operational guidance and that procurement policy and guidance are promulgated accordingly. Substantial progress has been made on issuing an administrative instruction with the goal of bridging the gap between the procurement principles set out in the Financial Regulations and Rules of the United Nations and the operational aspects set out in the procurement manual. The new policy, which is promulgated as a new administrative instruction, necessitates broad and extensive consultations and discussion across the Organization.	Given that work is continuing, the Board considers this recommendation as under implementation.		X		
33	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 Secretariat administrative instruction continues to be under final review prior to publication.	Considering that the contract has not been formally signed, the Board considers this recommendation to be under implementation.		X		
34	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	Over the past six years, the Administration has engaged proactively and intensely with Member States in New York and in capitals, mobilizing a total of 46 donors for the resident coordinator system, including 16 members of the Group of 77. Due to the consistent funding shortfall, resource mobilization for the resident	Given that the recommendation in chapter II, paragraph 509, of A/76/5 (Vol. I) and the present recommendation both require the Administration to improve the inflow of resources for				X

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			reinvigorated resident coordinator system.	coordinator system has been a priority for the United Nation's senior leadership, with the Secretary-General and Deputy Secretary-General engaging personally with groups and individual Permanent Representatives in New York as well as with senior government representatives in capitals of resident coordinator system donor countries, including at a roundtable in January 2023 co-convened by the United States of America and Kenya, together with the Secretary-General. The Administration ensured consistent follow-up with permanent missions and capitals through case studies, Member State briefings, resource mobilization letters and daily engagement with Member States at the technical level. As a result in 2023, the Administration was able to turn around the cash and liquidity crisis of 2022 and reduce the funding gap to $54 million, with 29 donors in total and with Kenya as a new donor, 46 donors to the Special Purpose Trust Fund. However, despite the personal engagement of even the Secretary-General and the Deputy Secretary-General in 2023, the voluntary contributions funding gap has remained large and significant, with a detrimental impact on the resident coordinator system. Accordingly, the Secretary-General has submitted a revised estimates report (A/78/7/Add.46) to request that the voluntary contribution be replaced by the regular budget, while maintaining the funding streams of the United Nations Sustainable Development Group cost-sharing and the 1per cent coordination levy. Meanwhile, the Administration continues to ensure systematic and intensified engagement with all donors to continue to raise voluntary resources and enable uninterrupted operations for the resident coordinator system. Accordingly,	the resident coordinator system, the Board considers this recommendation to have been overtaken by events.				

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				the Administration considers this recommendation fully implemented and requests its closure by the Board.					
35	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.	The Administration has continuously engaged with United Nations country teams to ensure timely formulation of new common country analyses and the updating of existing ones. By the end of 2023, significant progress had been made in terms of compliance with the Cooperation Framework guidelines on updates to the common country analysis. Based on the Development Coordination Office analysis of the latest data available for this milestone: There is full compliance regarding new common country analyses being formulated in a timely manner. In accordance with the audit observations, during the last quarter of 2023, the Office initiated the process of light review for the existing United Nations Sustainable Development Group Cooperation Framework guidance. The review has led to adjustments to the Roadmap chapter which now clarifies that the timelines of the overall process and each milestone are indicative (estimated at 9–12 months). Regarding updates to common country analyses, 70 per cent (52 out of 74) of United Nations country teams that had started implementation of the Cooperation Framework by 2022 had updated the common country analysis in 2023. 63 per cent (25 out of 40) country teams that started implementation in 2023 have updated their common country analysis in the same year, compared to 46 per cent of the countries who started implementation in 2022 and updated the common country analysis in the same year. That increase is notable, as a lower rate would not have been unexpected, since United Nations country teams that	Given the adjustments to the roadmap of the United Nations Sustainable Development Group Cooperation Framework Guidance and the timely formulation of new common country analyses in 2023, the Board considers this recommendation to be implemented.	X			

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				just started implementation of a Cooperation Framework will have done a very major new common country analysis within the previous 12-15 months, and they will be focusing their energies on the elaboration and implementation of joint workplans. Full compliance for new common country analyses and continuously improved figures on updates, particularly for the United Nations country teams that started implementing cooperation frameworks in 2023, are the result of the continued engagement of the Development Coordination Office with United Nations country teams and the investment of efforts in response to the audit recommendation. The Development Coordination Office therefore requests the closure of this recommendation.					
36	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.	The ownership and responsibilities for client satisfaction and costing and pricing principles are pivotal for moving forward the efficiency agenda among the entities. They specifically apply to the Common Back Office and the Global Shared Services Centres. The signature of documents establishing those principles is a mandatory requirement for all the entities that will play the role of service provider. There are 27 service providers entities out of the total of 37. As at 15 April 2024, 26 of these service provider entities have signed the principles. Note that the Department of Management Strategy, Policy and Compliance signed on behalf of all the Secretariat entities, which are 14 in total. The only entity that has not signed the principles, the World Health Organization, will not be a service provider for either the Common Back Office or the global shared services as part of the efficiency road map. No further action is required and	Given that all service provider entities for the Common Back Office and the Global Shared Services Centres have signed the two principles, the Board considers this recommendation to be implemented.	X			

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				therefore the Development Coordination Office requests the closure of this recommendation.					
37	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 in November 2023. The Administration is also following up with individual service providers on their surplus balances to bring them into line with the guidance.	Given that the Administration is 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		
38	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 Enterprise Resource Planning Solution Division, it was determined that the completion date of this recommendation should be revised due to competing priorities. The Administration will further assess the feasibility of full integration of all modules for the automation of reports production, including a cost benefit analysis. The Finance Division, together with the Enterprise Resource Planning Solution Division will further review the scope of this recommendation and update the result accordingly.	Given that the integration of all modules for the automation of reports production is in process, the Board considers this recommendation to be under implementation.		X		
39	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.	This recommendation is superseded by a new audit observation memorandum issued by the Board in the course of the final audit of the United Nations volume I financial statements for the year ended 31 December 2023. The Administration therefore requests the Board to close this outdated recommendation.	Given that both the present recommendation and a new recommendation require optimization of the management policy of reserves related to end-of-service liabilities, we consider this recommendation to have been overtaken by events.				X

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40	2020	A/76/5 (Vol. I), chap. II, para. 78	The Board recommended that the Administration ensure that the United Nations Assistance Mission in Afghanistan (UNAMA) justify in full its budget redeployments by duly considering and adhering to the requirements relating to vehicle and laptop holdings in the Standard Cost and Ratio Manual.	UNAMA would like to inform the Board that the redeployments actioned are within the delegated authority of the Mission. Due consideration will be given to the standard ratios and holdings before undertaking redeployments. In line with the guidance provided by the Office of Programme Planning, Finance and Budget, the Mission is justifying budget redeployments by duly considering the requirements relating to vehicle and laptop holdings in the Standard Cost and Ratio Manual. The actual holdings are based on the unique operational requirements for UNAMA. As requested by the General Assembly, specific justifications for higher allocations were provided in the context of the budget submissions in the main report on estimates in respect of special political missions (A/78/6 (Sect. 3)/Add.1).	Given that the Mission is justifying budget redeployments by duly considering the requirements relating to vehicle and laptop holdings in the Standard Cost and Ratio Manual in line with the guidance provided by the Office of Programme Planning, Finance and Budget, and as requested by the General Assembly, specific justifications for higher allocations were provided in the context of the budget submissions (A/78/6 (Sect. 3)/Add.1, para. 88 (g)), the Board considers this recommendation to be implemented.	X			
41	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 the 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.	The new technical Umoja business roles have been developed and are pending implementation in production.	Given that the documentation is under review and not established, the Board considers this recommendation to be under implementation.		X		

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42	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 selection of trading counterparties that are in addition to the already-documented standards (which include credit ratings and primary dealer status) are being drafted and reviewed. The Financial Resources Management Service and the United Nations Treasury has engaged with a data provider and tested the data source. This recommendation is expected to be fully implemented by June 2024.	Given that a new recommendation has been issued in this field, the Board considers this recommendation is overtaken by events.				X
43	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 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		
44	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 has been in production for foreign exchange transactions since October 2022. The second phase of implementation, which was for investment transactions was completed in the fourth quarter of 2023.	Given that the second phase has been implemented, the Board considers this recommendation to be implemented.	X			
45	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	An assessment of the premium requirements, structure, and affordability of the Medical Insurance Plan for locally recruited staff and retirees is a part of the overall review currently underway of the plan's operations and financial elements. Contract arrangements have been made for actuarial services to, inter-alia, assess the premium requirements and sustainability of the plan.	Given that an assessment is being conducted, the Board considers this recommendation to be under implementation.		X		

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			ensure the sustainability of the Plan.						
46	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 has analysed the data on equipment in volume 1 entities reported as idle to determine the root causes of idle assets and reported its findings to the Board, which indicate that in addition to the justifiable need for maintaining equipment reserves at some entities for operational reasons, a large percentage of equipment items has been assigned an incorrect status in the Umoja system records. Some equipment items are not properly assigned upon issuance, nor are the equipment records updated by entities in a timely manner during and after the disposal process. The administration will further increase efforts to request entities to take immediate corrective actions, where appropriate, to address the incorrect equipment records. An extension to 30 September 2025 for the target date for implementation is requested.	Given that the average idle rate of computers held by United Nations Headquarters entities was 25 per cent in Umoja as of 31 March 2024, the Board consider this recommendation to be under implementation.		X		
47	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.	The United Nations Office for Partnerships and the Administration continue to work with the United Nations Foundation to develop a robust resource mobilization strategy.	Given that there was a sharp decline of 41 per cent in the annual grant amount in 2023, dropping from $27 million in 2022 to $16 million in 2023, the Board considers this recommendation to be under implementation.		X		
48	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'	The Administration would like to emphasise that in its view the recommendation is implemented – but that updating guidance is a continuous process. Significant progress has been made in the guidance on human resources exceptions	Given that the new audit recommendation overlaps and is an enhanced version of this recommendation, the Board considers this				X

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			compliance with the reporting requirements.	hosted on the revamped 18 BTAD Square since the original recommendation was issued in 2020. The regular updates provided to entities on their exercise of the delegated authority regarding human resources exceptions and the upgrades to the reporting tool (the human resources exception Log) are now in the continuous improvement phase. In the fourth quarter of 2023, the Business Transformation and Accountability Division endorsed a new approach for more accessible and transparent communication of updated guidance. It consists of an iterative review and publication of human resources exceptions guidance per category and type of exception. The review is a continuous process, with additional guidance and expansion to new categories of the exceptions issued at regular intervals several times a year following a consultation and clearance process with human resources experts in the Office of Human Resources and the Human Resources Service Division in the Department of Operational Support. After developing the new format for this iterative and continuous review of human resources exception guidance at the end of 2023, the first publication in the new format on the revamped 18 BTAD Square SharePoint site took place in April 2024.	recommendation to be overtaken by events.				
49	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.	This recommendation is under implementation. The Administration is waiting to hear from the supplier after providing additional information. The supplier will consider their other priorities and then will give a new estimate of when the exception log feed to SAP HANA can be completed.	Given that the Administration is waiting to hear from the supplier for further progress, the Board considers this recommendation to be under implementation.		X		

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50	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 revised administration on staff selection is expected to be promulgated in the latter part of 2024.	Given that the revised administration on staff selection has not been promulgated, the Board considers this recommendation to be under implementation.		X		
51	2020	A/76/5 (Vol. I), chap. II, para. 424	The Board recommended that the Administration issue guidance to entities to increase their focus on improving equitable geographical representation.	The Office of Human Resources has provided detailed guidance to entities on how to improve geographical representation: in 2023, the Office of Human Resources organized two sessions (October and December) with peacekeeping operations and special political missions to provide relevant information on equitable geographical distribution targets in order to further enrich their understanding and explore the opportunities for collaboration on talent outreach and desirable changes to the system. Focal points were established to share information on progress for entities whose representation status is shared monthly. In January 2024, at the Management Committee meeting on the importance of equitable geographical distribution and its progress, the Office of Human Resources gave a presentation to the heads of entities on changes to the system of desirable ranges in accordance with General Assembly resolution 77/278 and their impact on equitable geographical distribution, and a new approach to improving equitable geographical distribution. In February 2024, the Office of Human Resources once again gave a presentation to the heads of entities through the Management Client Board, underlining their pivotal role in	Given that the Office of Human Resources has provided detailed guidance to entities on how to improve geographical representation, the Board considers this recommendation to be implemented.	X			

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				accelerating progress towards equitable geographical distribution and prioritizing the attainment of the targets. In April 2024, in view of resolution 77/278, the Assistant Secretary-General of the Office of Human Resources will be sending a communication to heads of entities emphasizing the urgency to bringing every Member State within its desirable range. In addition to the above, the Office of Human Resources continues to provide guidance to entities in the monthly communication on equitable geographical distribution, and we therefore consider the recommendation to be closed.					
52	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 Human Resources Services Division continues to guide entities on the cost-of-living allowance while the process guide is being finalized in consultation with the Department of Management Strategy, Policy and Compliance and the Office of Human Resources.	Given that the process guide has not been issued, the Board considers this recommendation to be under implementation.		X		
53	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 recommendation has been implemented. The technical working group on workplace accommodation and support to staff affected by a post-viral or similar syndrome has been established and has met twice in 2023. The Administration kindly requests the Board to close this recommendation.	Given that the Technical Working Group has been established and has met twice in 2023, the Board considers this recommendation to be implemented.	X			
54	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 recommendation has been implemented. The optimized and enhanced end-user interface, including online training for the existing occupational safety and health incident reporting system was successfully rolled out. The online training for the incident reporting system has been made available to all United Nations Secretariat personnel wherever dedicated occupational safety and health personnel exist. The Administration kindly requests the Board to close this recommendation.	Given the supporting documents have been provided that the online training for OSH – IRS has been made available to all United Nations Secretariat personnel wherever dedicated OSH personnel, the Board considers this recommendation to be implemented.	X			

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55	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 supports the Inter-Agency and Expert Group on Sustainable Development Goal Indicators in carrying out the 2025 comprehensive review, which provides a good but also last opportunity to improve the indicator framework for monitoring the Sustainable Development Goals. The call for indicator proposals was launched on 1 April 2024.	Given that the framework needs further review in the next comprehensive review in 2025, the Board considers this recommendation to be under implementation.		X		
56	2020	A/76/5 (Vol. I), chap. II, para. 502	The Board recommended that the Administration ensure that sufficient resources are allocated for conducting the programmatic evaluation in a timely manner.	The proposed conversion of the Evaluation Officer (P-4) post to an established post has been approved by the General Assembly in its resolution 78/252 on the programme budget for 2024. Approximately 4 per cent of the Development Account's budget ($636,700) is set aside for project- and programme-level evaluations and relevant activities as reflected in the Account's proposed programme budget for 2024 (A/78/6 (Sect. 35), para. 35.16). The recommendation has been fully implemented. The Administration requests its closure.	Given that the resources for project and programme-level evaluations and relevant activities have been allocated, the Board considers the recommendation to be implemented.	X			
57	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 consistently followed up with permanent missions through resource mobilization letters and engaged with them at the technical level. As a result, in 2023 the donor base increased to 29, which is 2 more than in 2022. Kenya was onboarded as a new, forty-sixth donor to the Special Purpose Trust Fund. The Development Coordination Office is reaching out to potential new donors to solicit their contributions and expand the donor base for the Special Purpose Trust Fund in 2024. As at 3 April 2024, 16 donors have made contributions or firm or soft commitments, including Group of 77 donors. Resource mobilization for the	Given that the resources mobilized in 2023 were still far below the target of $281 million per annum for adequate, predictable and sustainable funding to support the resident coordinator system, the Board considers this recommendation to be under implementation.		X		

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				resident coordinator system has been a priority for the Assistant Secretary-General of the Development Coordination Office, in particular, and an effort requiring colleagues across various Development Coordination Office teams to step in to support this undertaking in addition to their responsibilities to make the case for the coordination function with the aim of mobilizing sufficient voluntary contributions. In addition, the Secretary-General conducted the transparent and inclusive, informal consultations with Member States during the fourth quarter of 2023, pursuant to the solid Economic and Social Council resolution 2023/31 of 26 July 2023 regarding the persistent shortfall of the resident coordinator system. In that connection, the Secretary-General has now submitted a report on the revised estimates to the Fifth Committee of the General Assembly. Since the recommendation was to intensify the Administration's efforts in resource mobilization and the Administration has left no stone unturned to ensure sustainable funding support for the resident coordinator system, the Board is still requested to consider closing this recommendation.					
58	2020	A/76/5 (Vol. I), chap. II, para. 516	The Board reiterated its recommendation that the Administration expand the donor base to encourage contributions, on a voluntary basis, to the capitalization of the Joint Sustainable Development Goals Fund at the required levels.	Capitalization of the Joint Sustainable Development Goals Fund saw a notable increase in 2023 compared to 2022, as the Fund received $55.9 million in total contributions along with securing $58.8 million in signed commitments for 2024. The Joint Sustainable Development Goals Fund also expanded its donor base from 13 to 16 donors with Belgium, Italy and Saudi Arabia joining as new contribution partners. This positive momentum signifies buy-in from the Joint	Given that a new resource mobilization strategy that focuses on expanding the donor base is planned to be launched by the second quarter of 2024, the Board considers this recommendation to be under implementation.		X		

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				Sustainable Development Goals Fund’s contributing partners on the Fund’s new strategic approach that is aligned with propelling the transitions, especially for thematic areas that are in line with the donor Governments’ national priorities for development assistance. The heightened role of the Joint Sustainable Development Goals Fund and the resident coordinator system, along with the imperative for their full capitalization, has been championed by the Secretary-General and United Nations leadership and has been prominently featured in diverse United Nations forums and conferences. That elevated push is underscored by the resolution adopted by the Economic and Social Council during its 2023 operational activities for development segment, the Secretary-General’s call for increased capitalization for the Fund in his report on progress towards the Sustainable Development Goals to the high-level political forum on sustainable development in 2023 and culminating in the political declaration of the Sustainable Development Goals Summit in 2023. Recognizing the need for further capitalization, the Fund, under the guidance of the Operational Steering Committee, plans to launch a new resource mobilization strategy by the second quarter of 2024, focused on expanding the donor base, also encouraging programme country contributions, and advocating for the importance of unearmarked, multi-year commitments to global pooled funds in general to ensure the flexibility, predictability and high quality of financing for the Joint Sustainable Development Goals Fund.					

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59	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 the ongoing recruitment processes of resident coordinators to ensure that resident coordinators are recruited in an expeditious manner. As at 8 April 2024, 113 resident coordinator positions are encumbered (87 per cent). Six new resident coordinators are expected to deploy imminently, and three positions are pending government clearance. The recruitment for the remaining positions is ongoing or will be launched imminently. Given the above context, the Board is requested to consider closing this recommendation.	Given that as at 8 April 2024 there were still 16 resident coordinators ad interim temporarily performing resident coordinators functions, and as at 31 December 2023, 9 resident coordinators positions had been vacant for more than one year due to the lack of suitable candidates, the Board considers this recommendation to be under implementation.		X		
60	2020	A/76/5 (Vol. I), chap. II, para. 533	The Board recommended that the Administration further strengthen its monitoring of the process of the United Nations Sustainable Development Cooperation Framework cycle and identify the causes of backlogs in the above-mentioned countries' resident coordinator offices, together with the parties involved, to facilitate the completion of the key steps in the Cooperation Framework.	The Development Coordination Office continues to monitor preparation timelines for cooperation frameworks through its standardized weekly and monthly engagements with regional and country offices. During the last quarter of 2023, the Development Coordination Office initiated the process of light review of the existing United Nations Sustainable Development Group Cooperation Framework guidance. The review has made adjustments to the road map chapter which now clarifies that the timelines of the overall process and each milestone are indicative and estimated at 9–12 months. The outcome has been a lightened and streamlined process that has accelerated the Cooperation Framework preparation process. Therefore, the Development Coordination Office suggests that the Board close this recommendation.	Given the completion of the light review and the adjustments to the guidance road map for the United Nations Sustainable Development Group Cooperation Framework, the Board considers this recommendation to be implemented.	X			

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61	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 2023, all but two of the countries implementing a Cooperation Framework had developed a joint workplan in the UN-Info. The two United Nations country teams for which joint workplans are not feasible are the United Arab Emirates (which has no Cooperation Framework) and the Democratic People's Republic of Korea (where development work has been paused). Regarding the joint steering committees: 87 per cent (109 out of 125) of Cooperation Framework countries have established a joint national-United Nations steering committee, with 83 per cent of them meeting at least once in the last 12 months. Outstanding countries are facing challenges of political nature that have prevented the joint steering committee from meeting. Development Coordination Office guidance and tracking support will not solve political issues at the country level. Based on the above, the Development Coordination Office requests the Board to close this recommendation, as "support to improve the process" has been achieved.	Given that almost all countries implementing a Cooperation Framework had developed a joint workplan in UN-Info in 2023, and the majority of Cooperation Framework countries had established joint steering committees in 2023, the Board considers this recommendation to be implemented.	X			
62	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.	In line with the Board recommendation, the Development Coordination Office engaged the Assistant Secretaries-General who are members of the Business Innovations Group. At the March 2023 session, a decision was taken to create a new dedicated task team on the Common Back Office. The terms of references of the new task team include a review of the approval process and timelines and plans for accelerated implementation of the Common Back Office. The first meeting of the task team is taking place on 15 April. The Development Coordination Office proposes that this recommendation be closed.	Given that the Administration engaged with the Business Innovation Group in 2023 and the terms of reference of a new dedicated task team on the Common Back Office have been launched to accelerate Common Back Office implementation, the Board considers the recommendation to be implemented.	X			

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63	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 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.	In line with the recommendation of the Board, the Task Team on Common Premises, for which the Development Coordination Office is the secretariat, partnered with a Global Real estate team which was to identify six country-locations with the highest potential for efficiencies. The project was concluded with analysis and recommendations in September 2023, which means that the Development Coordination Office is no longer responsible. Resource mobilization for implementation of the recommendations is the full responsibility of the entities. The Development Coordination Office does not manage any capital asset funds. The Development Coordination Office therefore requests the Board to close this recommendation, as "support to improve the process" has been achieved.	Given that the common premises real estate analysis was conducted in 2023 and country locations with the highest potential for efficiencies were identified, the Board considers the recommendation to be implemented.	X			
64	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 under review by the relevant stakeholders. The Development Coordination Office requests the Board to consider this recommendation together with the recommendation in chapter II, paragraph 433, of A/77/5 (Vol. I).	Given that the recommendation in chapter II, paragraph 433, of A/77/5 (Vol. I) and the present recommendation both require a permanent system for the performance management of resident coordinators and United Nations country teams, The Board considers this recommendation to have been overtaken by events.				X
65	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 2022–2023 performance appraisal period ended on 31 March 2023. The Development Coordination Office and the resident coordinator system have made every effort to ensure high compliance with the performance cycle., However, due to factors beyond our control, including delays in crisis countries and	Given that the 2022–2023 performance appraisal period ended on 31 March 2023, the Board considers this recommendation to be implemented.	X			

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				high staff movement and turn-over, the compliance rate for 2022–2023 remains at 77 per cent. The Development Coordination Office proposes that this recommendation be closed, as the 2022–2023 performance cycle ended more than one year ago.					
66	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.	We request the closure of this recommendation since it has been overtaken by new events related to the Secretary-General's new policy on global roster building which addresses the issue of gender and geographical representation in the rosters through a United Nations system-wide approach. This new comprehensive approach will also include the electoral roster, as well as other such rosters. In the meantime, the Department of Political and Peacebuilding Affairs has continued its efforts to improve the number of women from all regional groups in the sanctions roster, as well as the overall geographical representation. In June 2023, the Department, through the Security Council Affairs Division, participated in a virtual career fair for nationals from the Middle East and North Africa regions and, in October 2023, at a virtual career fair for women in senior positions. The Security Council Affairs Division also briefed representatives of the African Group on the recruitment process for members of sanctions expert groups on 6 July 2023. To further strengthen gender and geographical representation with respect to mediation, the Department conducted its annual review of the roster of approved standby team advisers in December 2023. The Department reiterates that the majority of mediation support assignments are conducted by the full-time standby team, drawn each year from the roster with a	Given the development of a new Secretary-General policy on Global Roster Building, which aims to address rostering issues including gender and geographical balance within the UN system-wide, and considering the management's ongoing efforts to enhance representation of women from all regional groups as well as overall geographical diversity in the sanctions roster, Single Electoral roster, and Standby Team Advisers roster, the Board considers this recommendation to be implemented.	X			

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				focus on achieving gender parity and geographical balance. Since 2020, the standby team has had full gender parity each year. In addition, from 2023-2024, experts serving on the Team have had the following nationalities: Colombia (1), Ghana (1), Ireland (1), Kenya (1), Lebanon (1), South Africa (2), Spain (1), Türkiye (1), Uganda (1), United States (2). In 2023, 81 per cent of all assignments have been conducted by the full-time team.					
67	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 decision of the General Assembly in its resolution 78/257 in December 2023 to provide assessed contributions to the Peacebuilding Fund represents a landmark decision that will bring more predictable and sustainable resources while underscoring that peacebuilding is at the core of the work of the United Nations in which all Member States are committed to investing. Starting from 2025, $50 million will be provided annually, earmarked for the Fund's Peacebuilding and Recovery Facility in specified countries and territories. Member States, in particular through the Peacebuilding Commission and the Secretary-General's Peacebuilding Fund Advisory Group, will be consulted on allocations. The Administration therefore requests closure of this recommendation.	Given that a more comprehensive plan has been established, the Board considers this recommendation to be implemented.	X			
68	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.	During 2023, significant efforts were made to address any delays encountered in the previous year: of 47 projects reported as off-track in November 2022, only eight were reported as such in November 2023. Moreover, the Peacebuilding Fund commissioned independent guidance on project performance tracking that provides a list of recommended actions for funds' recipients to bring off-track projects back	Given that a more comprehensive plan has been established and the on-track rate has been raised, the Board considers this recommendation to be implemented.	X			

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				on track. The guidance also notes that an examination of the current portfolio as at October 2023 showed that out of all the projects that had been off-track at some point during their lifespan, 48 per cent were back on-track within 6 months and 82 per cent were back on track, or on track with peacebuilding results, within 12 months. Thus, the portfolio has a very strong performance in shifting off-track projects back on track. Moreover, the share of off-track projects in 2023 constituted 16 per cent, which is lower than the 2020 result (21.5 per cent) referenced by the Board for this recommendation. Considering the risk-tolerant nature of the programme and the contexts in which the Peacebuilding Fund works, there will always be a certain proportion of projects that will be off-track. The Peacebuilding Fund's focus, as demonstrated earlier, is that off-track projects are monitored and are mostly brought on track within 12 months. The Administration therefore requests closure of this recommendation.					
69	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.	The Office of Programme Planning, Finance and Budget continues to share the weekly status with the Country Based Pooled Fund Section of the Office for the Coordination of Humanitarian Affairs for further action on the outstanding refunds. Continuous efforts are reflected in steady progress seen in addressing older claims and refunds continues, while noting that there will always be a certain level of pending refunds due to the ongoing cycle of new grants and projects. Management requests that this recommendation be closed.	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 considers this recommendation to be under implementation.		X		

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70	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.	The Administration has completed a first phase of work to define the functions and responsibilities of each division and service within the Office of Information and Communications Technology. A second phase of work to define the functions and responsibilities of the Office is underway in order to update the relevant Secretary-General's bulletins that define the Office's functions. A third phase of work is also underway to comprehensively review and analyse the functions and responsibilities of the Office under the realignment, optimization and integration exercise.	Given that no further supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
71	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.	After consultations between the Office of Information and Communications Technology and various United Nations Secretariat entities, a bring-your-own-device policy has been drafted by a working group and it is under the review and issuance process.	Given that no further supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
72	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.	In January 2023, the Chief Information Technology Officer issued a memorandum, requesting entities to submit their ICT budgets to OICT for review and clearance. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that progress has been made by OICT to enhance compliance, and the Board will reiterate its recommendation related to ICT budget review this year, the Board considers this recommendation to be overtaken by events.				X

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73	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 was completed in January 2024. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that no further supporting documents have been provided in April 2024, the Board considers this recommendation to be implemented.	X			
74	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.	In addition to our previous comments, and with the plan clearly outlined and currently in execution, the Office of Information and Communications Technology urges the closure of this recommendation. Otherwise, it will remain active until 2028, functioning as an ongoing operational activity, which undermines the intended purpose of this audit finding.	Given the comments provided by the Administration, alongside the ongoing endeavour in reviewing entities' ICT budgets, the Board considers this recommendation to be overtaken by events.				X
75	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 International Public Sector Accounting Standards (IPSAS) requirements.	The Department for General Assembly and Conference Management has continued to work with the Enterprise Resource Planning Solution Division on the assessment and implementation of several data transfer requests. Several system changes have also been implemented in gMeets to prepare the system for integration. The integration of the meetings management module and Umoja will take place in 2024 as previously indicated.	Given that the Administration is in the process of assessing the data transfer requests, which would facilitate integration of the gMeets meetings management module with Umoja, the Board considers this recommendation to be under implementation.		X		
76	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 the plan clearly outlined and currently in execution, the Office of Information and Communications Technology urges that this recommendation be closed. Otherwise, it will remain active until 2028, functioning as an ongoing operational activity, which undermines the intended purpose of this audit finding.	Given that the dashboard that will give more visibility on cost-recovery activities is in process, the Board considers the recommendation to be under implementation.		X		

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			with a view to avoiding any excess recovery or insufficient recovery of costs.						
77	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.	Draft criteria are undergoing internal review with an anticipated completion date of 31 December 2024. It is anticipated that the criteria will be presented to the General Assembly for its consideration.	Given that the formulation of additional criteria for future exceptional use of special commitments is in process, the Board considers this recommendation to be under implementation.		X		
78	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 fund balance utilization 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 the Board noted a $ 492.85 million accumulated surplus and a rebounding reserve ratio in cost-recovery services during the final audit for 2023, the Board considers this recommendation to be overtaken by events.				X
79	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.	As indicated in the update provided in March 2024, the Administration considers this recommendation as implemented. In the budget guide on the formulation of the proposed programme budget for 2025, issued in January 2024, The Office of Programme Planning, Finance and Budget provided guidance aimed at ensuring that entities fully disclose all such positions. The supplementary documents that were finalized in May 2024 contain that information based on the guidance provided in the supplementary documentation template. Based on the Board's response to the March 2024 update, the Administration looks forward to reengaging with the Board to define clear and achievable implementation criteria.	Given that we still noted insufficient disclosure of justification for general temporary assistance positions in the 2023 final audit, the Board considers this recommendation under implementation.		X		

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80	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.	As indicated in the update provided in March 2024, the Administration considers this recommendation to be implemented. The Administration has continually improved the estimates of extrabudgetary resources, as acknowledged by the Board during their 2022 audit. The Administration respectfully insists that a key element to take into consideration in the review of the implementation of this recommendation is the unpredictable nature of extrabudgetary funding. This is captured in the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (regulation 1.1, rule 101.1 (b)): "planning for activities to be partially or fully financed by extrabudgetary funds shall be provisional, and such activities will be implemented only if adequate funds are made available". Based on the Board's response to the March 2024 update, the Administration looks forward to reengaging with the Board to define clear and achievable implementation criteria.	Given that similar issues related to extrabudgetary posts were noted in the 2023 final audit, the Board considers this recommendation to be under implementation.		X		
81	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 implementation of this recommendation is in progress.	Given that the updated guidance is in progress, the Board considers this recommendation to be under implementation.		X		

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82	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 fund accounts, properly consolidate the old country-based pooled fund accounts and assign the refunds in a timely manner.	Of the three closed country-based pooled fund accounts referred to in the original recommendation, only the closure of the Colombia account is outstanding. The process is at an advanced stage and expected to be completed shortly with the final posting of transactions for the pass-through (P1) grants.	Given that the cash pool balance of one country-based pooled fund is still in the process of being properly dealt with, the Board considers this recommendation to be under implementation.		X		
83	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 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. Alternative benchmarks for the main pool will be evaluated as potential substitutes should they be proven to be more suitable for the portfolio.	Given that both the present recommendation and a new recommendation require separate investment management of funds related to end-of-service liabilities, the Board considers this recommendation to have been overtaken by events.				X
84	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 programme is expected to be completed by June 2024.	Given that the review of expenditures by currency and budget source is under process, the Board considers this recommendation to be under implementation.		X		

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85	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.	Closure requested.	Given that a new recommendation has been issued in this regard, the Board considers this recommendation to be overtaken by events.				X
86	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 in the unusual situation where a concentration level increase situation arises.	Given that the Administration is in the process of formalizing the documentation of the circumstances and steps to be taken in the unusual situation where a concentration level increase situation arises, the Board considers this recommendation to be under implementation.		X		
87	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.	As data issues related to gender and/or age could result in apparent mismatches in medical diagnoses, data disparity reports are being provided by third-party administrators after each eligibility tape is processed to ensure the alignment of the demographic and eligibility status of active and retired health insurance participants. The third-party administrator's claim adjudication processes and related elements regarding medical necessity mitigates against mismatches in medical diagnoses. In addition, the health insurance claims audits currently being conducted by a third-party external audit firm will also provide assurance as to the appropriate processing of health insurance claims by the third-party administrators. Based on	Given that the Administration has implemented a claim verification process to prevent mismatches in medical diagnoses, the Board considers this recommendation to be implemented.	X			

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				the actions taken, the Administration considers this recommendation implemented and requests that it be considered closed.					
88	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 relevant internal reviews and discussions with third-party administrators are underway with an anticipated completion date of 31 December 2024.	Considering that the contract has not been formally signed, the Board considers this recommendation to be under implementation.		X		
89	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 relevant internal reviews and discussions with third-party administrators are underway with an anticipated completion date of 31 December 2024.	Given that the administration is developing performance evaluation standards, the Board considers this recommendation to be under implementation.		X		
90	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 has analysed the data on equipment reported as idle to determine the root causes for those idle assets and has reported its findings to the Board, which indicate that in addition to the justifiable maintenance of equipment reserves at some entities for operational reasons, a large percentage of equipment items carry incorrect statuses in the Umoja system records. Some equipment items are not properly assigned upon issuance nor are the equipment records updated by entities in a timely manner during and after the disposal process. The Administration will further increase efforts to request entities to take immediate corrective actions, where appropriate, to address the incorrect equipment records. The target date extension requested for implementation is 30 September 2025.	Given that the average idle rate of computers held by United Nations Headquarters entities was 25 per cent in Umoja as at 31 March 2024, the Board considers this recommendation to be under implementation.		X		

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91	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 Administration requests the closure of this recommendation as implemented. The Department of Safety and Security has successfully completed the recommended root cause analysis, thereby responding in full to the Board's recommendation. According to the analysis, there is a short time lag between ammunition being received and used.	Given that the significant data discrepancies have improved, the Board considers this recommendation to be implemented.		X		
92	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 reiterates that IPSAS corporate guidance and IPSAS guidance on the capitalization of Umoja provides detailed guidance concerning the classification of capitalizable and non-capitalizable expenditure. In addition, project structures are set up to manage the collection of costs, and the division of capitalizable and non-capitalizable expenditure. In addition, in relation to the specific expenditure mentioned, the Administration has provided supporting documentation relating to the expenditure, in line with the Board's comments. Therefore, the Administration requests an opportunity to discuss the supporting documentation provided to the Board to clarify that the recommendation was implemented as evidenced by the review carried out. (Supporting documentation has been uploaded to the Board's repository)	Given that the Board has not been provided with sufficient supporting documentation, the Board considers this recommendation to be under implementation.		X		
93	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 useful economic lives have been updated in Umoja as at 1 January 2023, the guidance on useful economic life by asset class has also been updated on the Knowledge Gateway portal. In addition, the Standard Operating Process for the update of useful economic life was published on the Knowledge Gateway in July 2023. As the enterprise resource planning system automatically adds the useful life on the asset master record, the Administration requested that this recommendation be closed. The Finance	Given that the new United Nations corporate guidance and policies related to the asset reassessment have not been updated yet, the Board considers this recommendation to be under implementation.		X		

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				Division is working on updates to the IPSAS corporate guidance as part of a broad set of other updates for property, plant and equipment and has a project underway to encompass all the changes needed. However, as the depreciation/ amortization postings are automatically derived based on the already configured update, the Administration requests that the audit observation be closed.					
94	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 proposed programme budget for 2024 expanded the definitions (A/78/6 (Introduction), annex II) to also cover and distinguish the different types of positions, with the intent of addressing this recommendation from the Board. The proposed programme budget for 2025 continues to include definitions of the different types of positions. This is aimed at ensuring consistency in the use of the different types of positions, including general temporary assistance positions. In addition, information on the delegation of authority for heads of entities on the establishment, abolishment, and reclassification of general temporary assistance positions is provided on the Secretariat's Knowledge Gateway SharePoint site for easy reference. The Administration considers this recommendation fully implemented and respectfully requests its closure.	Given that the auditors found that some similar issues still existed in the 2023 United Nations Secretariat Interim Audit, the Board considers this recommendation to be under implementation.		X		
95	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.	Revised guidance has been provided to entities in the context of the budget as issued by the Controller. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that the auditors found that some general temporary assistance positions are still not used in full compliance with the related polices and regulations in the 2023 final audit, the Board considers this recommendation to be under implementation.		X		

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96	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 reiterates that the scope of this recommendation is limited to secretariat positions. In line with the recommendation of para. 333 of A/78/5 (Vol. I) for the financial year 2022, this recommendation does not apply to non-Secretariat deputy humanitarian coordinator and regional humanitarian coordinator positions. This recommendation is therefore considered implemented for Secretariat positions and overtaken by events as regards deputy humanitarian coordinator and regional humanitarian coordinator positions.	Given that the auditors found in the 2023 final audit that there were still some positions at the D-1 level and above of more than one year that had not been submitted for approval by the Advisory Committee on Administrative and Budgetary Questions, the Board considers this recommendation to be under implementation.		X		
97	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 the United Nations Development Programme (UNDP).	As regards the recommendation on the legal framework, as clarified earlier, the Office for the Coordination of Humanitarian Affairs is not the lead in the implementation of the recommendation regarding the review of the overarching legal framework which 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 will contribute to these discussions together with other entities, as and when the discussions take place. As regards the amendments to the letters of appointment, UNDP has already started issuing the amended letter of offer/appointment to all new hires effective 15 May 2023 for all National Professional Officers and General Service staff in the field administered by UNDP with services limited to the Office. Discussions are ongoing on how these changes will be reflected in letters of appointment issued prior to 15 May 2023. UNDP is working on a proposal and schedule for implementing these changes.	Given that the amendments to the letter of appointment have not taken effect, the Board considers this recommendation to be under implementation.		X		

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98	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.	A review of the United Nations Office for Project Services (UNOPS) contracted workforce has been finalized, which resulted in a new project engagement with UNOPS as from 1 January 2024, supported by two financial agreements that adhere to the 2014 United Nations UNOPS umbrella memorandum of understanding. The consultants are performing highly specialized tasks related to custom web application development, infrastructure maintenance and data analysis. No capacity exists in the Organization to perform this function. The Development Coordination Office proposes closure of this recommendation.	Given that no capacity exists in the Organization to perform this function, the Board considers this recommendation to be implemented.	X			
99	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.	In 2023, exceptional approval was obtained for using UNOPS services for the innovation activities of the Department of Political and Peacebuilding Affairs until the end of December 2023. Following the Board's recommendation in chapter II, paragraph 383, of A/78/5 (Vol. I), a subsequent amendment was granted to extend the current financial agreement until June 2024 without increasing the scope or budget for personnel. Concurrently, the Department of Political and Peacebuilding Affairs is actively engaging in negotiations with UNOPS to establish a new UNOPS-managed financial agreement for the Department's innovation initiatives and replace the existing one. In 2023, further to the Board's recommendation in chapter II, paragraph 535, of A/78/5 (Vol. I), and following guidance and clearance received from the Department of Operational Support, the Department of Political and Peacebuilding Affairs (Mediation Support Unit) and UNOPS agreed to an update of	Given that the new financial agreement, under UNOPS management, will ensure full application of the legal framework and contractual responsibilities, the Board considers this recommendation to be implemented.	X			

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				the Mediation Support Unit's role in the expert selection process for the standby team. Updated provisions have been reflected accordingly in the 2024 financial agreement. In the future, further adjustments to the financial agreements may be needed in light of the expected promulgation of the new umbrella memorandum of understanding between the United Nations and UNOPS. Policy and Mediation Division/Innovation Cell: Since July 2022, the Department of Political and Peacebuilding Affairs has proactively sought review and obtained approval of the financial agreement between UNOPS and the Department from relevant Secretariat offices. In 2023, exceptional approval was obtained for using UNOPS services for the Department's innovation activities until the end of December 2023. Following the Board's recommendation in paragraph 383, a subsequent amendment was granted to extend the current financial agreement until June 2024 without increasing the scope or budget for personnel. Concurrently, the Department is actively engaging in negotiations with UNOPS to establish a new UNOPS-managed financial agreement for the Department's innovation initiatives, and to replace the existing one. The new financial agreement, under UNOPS management, will ensure full application of the legal framework and contractual responsibilities, especially as they relate to personnel selection modalities.					

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100	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 Office for the Coordination of Humanitarian Affairs continues to monitor the implementation of the correct procedures as applicable to the respective categories of personnel and to advise offices, as necessary, if exceptions are identified to ensure that corrective actions are taken. The identification of the category of personnel determines the applicable procedures for selection. The Development Coordination Office monitors and duly documents personnel selections in line with established procedures based on categories of personnel. The Office proposes that this recommendation be closed.	Given that the entities monitor and duly document personnel selections in line with established procedures based on categories of personnel, the Board considers this recommendation to be implemented.	X			
101	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.	Through the entry into force of two new financial agreements as of 1 January 2024, the UNOPS contracted workforce is clearly identified under the legal and contractual framework of UNOPS. Department of Political and Peacebuilding Affairs: In line with the Board's recommendation in paragraph 309, the Department commissioned a cost-benefit analysis of its current financial agreements with UNOPS for the Standby Team project. The study, conducted by an external expert, was finalized in December 2022, and shared with the Board in March 2023 during field work for A/78/5 (Vol. I). The recommendations of the study informed the review and update of the 2023 financial agreements. The report finds that the current arrangement between the Department and UNOPS is cost-effective, efficient, and fit for purpose and in compliance with the applicable United Nations administrative rules and regulations. The Department reiterates that it also presented a cost-benefit analysis to the Board in May 2023,	Given that the Office of Information and Communications Technology has not yet provided the implementation status, the Board considers this recommendation to be under implementation.		X		

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				illustrating the efficiency and cost-effectiveness of UNOPS support for the Department's innovation projects. Based on the recommendations set out in the cost-benefit analysis, negotiations for a new financial agreement under UNOPS management commencing in the second quarter of 2024 are in progress, which will ensure full adherence to legal and contractual obligations, particularly regarding the clear definition of personnel identities and selection processes. The cost benefit analysis is ongoing as the Department of Operational Support is negotiating a United Nations-wide agreement with UNOPS. The Development Coordination Office proposes that it be removed from this recommendation as the Office will no longer be the owner of the agreement.					
102	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 Administration will review the compliance with existing guidance, cost effectiveness and appropriateness of transfers of consultants to vendors' contracts.	Given that the review of the compliance with existing guidance is ongoing, the Board considers this recommendation to be under implementation.		X		
103	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.	The revised administration on staff selection is expected to be promulgated in the latter part of 2024.	Given that the revised administration on staff selection has not been promulgated, the Board considers this recommendation to be under implementation.		X		
104	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	This project is on track for implementation in March 2025.	Given that the implementation is expected to be finished in March 2025, the Board considers this recommendation to be under implementation.		X		

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			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.						
105	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 performance indicators on geographical representation, issue guidance to entities and develop more proactive measures to improve geographical representation.	The Office of Human Resources has continued to monitor entities' performance regarding geographical representation, has issued guidance and worked in proactive measure to improve geographical representation. Entities, including special political missions and peacekeeping operations, have established focal points on equitable geographical distribution and the Office is working with the focal points to share information on progress for entities whose representation status is shared in the monthly communication on equitable geographical distribution. In January 2024, the Office gave a presentation to the heads of entities at the Management Committee meeting on the importance of and progress in equitable geographical distribution, changes to the system of desirable ranges through General Assembly resolution 77/278 and their impact on equitable geographical distribution, and a new approach to improving equitable geographical distribution. In February 2024, the Office again gave a presentation to the heads of entities through the Management Client Board, underlining their pivotal role in accelerating progress towards equitable geographical distribution and prioritizing the attainment of the targets. In April 2024, the Assistant Secretary-General of the Office of Human Resources will be sending a communication to heads of entities emphasizing the urgency of bringing every Member State within its	Given that the auditors found that some similar issues still exist in the 2023 final audit, the Board considers this recommendation to be under implementation.		X		

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				desirable range. As we have issued guidance to entities and undertaken actions to work out more proactive measures to improve geographical representation, we consider the recommendation closed.					
106	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 comprehensive report has not been finalized yet and is expected to be completed by the second quarter of 2024. Additional time is required for further coordination.	Given that the Administration's response said the comprehensive report has not been finished yet and is expected to be finished in the second quarter of 2024, the Board considers that this recommendation is under implementation.		X		
107	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 Umoja training in accordance with the Procurement Manual before being listed as a requisitioner in Umoja.	The Office of Supply Chain Management has applied due diligence in ensuring certificates before mapping any staff for global requisitioning role. The Board is requested to consider the recommendation implemented and close it.	The Administration provided all appropriate documentation, the Board considers the recommendation implemented.	X			
108	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	The Administration has given due consideration to areas identified by oversight bodies when making changes to the delegation of authority monitoring framework. For example, during the recent key performance indicator expansion exercise, two new procurement key performance indicators were introduced. The first indicator monitors the use of low-value acquisitions, the second monitors whether repeat (stand-alone) purchases are made from the same	Given that the recommendation has been reiterated in chapter II, paragraph 458, of A/78/5 (Vol. I), the Board considers this recommendation to be overtaken by events.				X

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			and temporary appointments, when finalizing the expanded set of key performance indicators, where applicable.	vendor to avoid going beyond certain thresholds such as the low-value acquisition threshold. In addition, an existing key performance indicator on the utilization of long-term contracts has been enhanced to reflect the stand-alone purchases, broken down by stand-alone purchase orders and stand-alone low-value acquisitions. The Administration respectfully requests the status of this recommendation to be updated to overtaken by events as the repositioning of the monitoring of delegation of authority has been agreed with the Board in the new recommendation in paragraph 458, chapter II, of A/78/5 (Vol. I).					
109	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 respectfully requests the status of this recommendation to be updated to overtaken by events as this recommendation has been replaced by the new recommendation in chapter II, paragraph 463, of A/78/5 (Vol. I).	Given that the data modules for monitoring of exceptions is at a pilot stage, but this recommendation has been replaced by the recommendation in chapter II, paragraph 463, of A/78/5 (Vol. I), the Board considers this recommendation to be overtaken by events.				X
110	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	The Administration respectfully requests the status of this recommendation to be updated to overtaken by events as this recommendation has been reiterated in chapter II, paragraph 401, of A/78/5 (Vol. I). The Administration will continue to provide entities with guidance on how to exercise the delegated authority to grant human resources exceptions in a compliant manner and will enhance the monitoring tool available to entities to	Given that this recommendation has been reiterated in chapter II, paragraph 401, of A/78/5 (Vol. I), the Board considers this recommendation to be overtaken by events.				X

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			their delegated authority in the future.	self-monitor in their first line of defence duties. In parallel, the Administration is working to strengthen the escalation component of the response mechanism to reinforce holding managers accountable for the exercise of delegated authorities, and it is conducting a pilot on the issue of human resources exceptions.					
111	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.	Following a series of measures adopted by the Administration to ensure timely programme monitoring using the Umoja strategic planning, budgeting and performance management solution, 100 per cent of United Nations Secretariat entities have updated their results and deliverables in strategic planning, budgeting and performance management for their 2023 plans included in the programme budget. The Administration therefore requests the closure of this recommendation.	Given that 100 per cent of United Nations Secretariat entities have updated their results and deliverables in strategic planning, budgeting and performance management for their 2023 plans included in the programme budget, the Board considers this recommendation to be implemented.	X			
112	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.	Development of a resident coordinator handbook is in progress.	Given that the development of a resident coordinator handbook is in progress, the Board considers this recommendation to be under implementation.		X		
113	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 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.	In order to expand the resident coordinator pool to include more viable candidates, the Development Coordination Office held two sessions of the Resident Coordinator Assessment Centre in 2023 (in June and November/December). As a result of the two sessions, a total of 41 new members were added to the resident coordinator pool. In order to ensure that all the candidates in the pool are active, in October 2023 the Office launched a clean-up exercise of the resident coordinator pool to ascertain the continued interest and availability of pool members, in line	Given that the Development Coordination Office has implemented measures to expand the resident coordinators pool to include more viable candidates and ascertain the continued interest and availability of pool members, the Board considers this recommendation to be implemented.	X			

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				with the provisions of section 3.10 of ST/AI/2022/1 on resident coordinator selection. As a result of the clean-up exercise and the two sessions of the Assessment Centre, a total of 180 resident coordinator pool members were confirmed as active pool members as at 31 December 2023. In view of the above, the Board is requested to consider this recommendation completed and closed.					
114	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 under review by the relevant stakeholders. This recommendation could be considered with the earlier recommendation in chapter II, paragraph 563 of A/76/5 (Vol. I).	Given 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		
115	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 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.	All 130 United Nations country teams use UN-Info as a platform for collective planning, monitoring and reporting for development results under the Cooperation Framework. The Development Coordination Office has improved the reliability and quality of the data entered into the tool. For the 2023 reporting exercise, the Office developed and launched the Cooperation Framework module, which allows resident coordinator offices to update information at any time. This initiative has improved the Development Coordination Office's monitoring and has enabled strengthened country support by the Office. To support accountability on programme issues, the data was analysed on a regional basis and	Given that all 130 United Nations country teams have been using UN-Info as a platform for collective planning, monitoring, and reporting for development results under the Cooperation Framework, and the Administration has actively taken a series of steps to improve the UN-Info data quality and reliability, the Board considers the recommendation to be implemented.	X			

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				analytical reports were prepared as background documents for the regional resident coordinator retreats taking place in March and April 2024. The analysis outlines compliance with Cooperation Framework guidance, to stimulate discussion and action between United Nations leadership at Headquarters and at the country-level. At the resident coordinator retreats, a dedicated session is being held with all resident coordinators in each region, to walk through the programme data, surface challenges and issues and to identify areas for further support from the Development Coordination Office to resident coordinators and/or to surface elements where the Cooperation Framework guidance may need adjustment during the ongoing Cooperation Framework revision exercise. In 2024, regional resident coordinator retreats were held for Arab States, Asia and the Pacific, Europe and Central Asia, with dedicated sessions on programme compliance presentations and discussions. The same agenda items will feature at the 2024 regional retreats for Latin America and the Caribbean and Africa in the second quarter of 2024. All those steps are investments for continued improvement of date quality and reliability, which is a continuous process. In the light of the above, the Development Coordination Office requests the Board to close this recommendation.					
116	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	The Development Coordination Office fully embraced the Board's recommendation and has heavily invested its resources in developing and implementing a reporting system that tracks the results achieved by United Nations entities and Business Innovations Group teams. An efficiency dashboard	Given that the efficiency agenda and the related annual targets have been adjusted in the revised efficiency road map for the period 2022–2024, the Board considers this				X

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			in a timely and accountable manner.	was launched in August 2023 and is publicly available. The system reports on all four pillars of the Efficiency Agenda and complements the common premises platform launched in August 2022. The Development Coordination Office proposes that the Board close this recommendation.	recommendation as having been overtaken by events.				
117	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.	Communication and reporting on all efficiency gains achieved is a critical pillar of the efficiency agenda. To that objective, the report of the Secretary-General on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, which is usually presented to the Economic and Social Council in April each year, includes specific information on efficiency gains relating to the four pillars. They include agency initiatives, global shared services, common back offices, business operations strategies and common premises. In addition, the efficiency dashboard launched in August 2023 reports the efficiency gains for all those specific areas. Currently, the data for 2022 have been fully captured and reported. As at the present time, data for 2023 are being finalized and when officially approved, will be released through the 2023 version of the efficiency dashboard. The efficiency dashboard is accessible. The Development Coordination Office requests the Board to close this recommendation.	Given that the efficiency dashboard has been launched, the Board considers the recommendation to be implemented.	X			
118	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.	The Secretariat-wide staff engagement survey (SES), led by the Department of Management Strategy, Policy and Compliance, was postponed from 2023 to 2024. As at 20 March 2024, according to the Department's Office of Human Resources, it is anticipated that the next staff engagement survey will be launched	Given the development of the action plan to promote adaption and integration to facilitate the efficient achievement of goals of "whole-of-pillar" approach, the Board considers this	X			

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				in September 2024. There is no anticipated date for the availability of results. However, following the results of the 2021 staff engagement survey, the Department of Political and Peacebuilding Affairs and the Department of Peace Operations developed an action plan to respond to staff concerns, namely the Building our Pillar action plan. The action plan, which is regularly reviewed and updated, focuses on issues that were rated by staff of the Department of Political and Peacebuilding Affairs and the Department of Peace Operations as lower than the rest of the Secretariat in the 2021 staff engagement survey. The Building Our Pillar initiative continues to provide staff with guidance, resources and opportunities in response to concerns highlighted by staff in the 2021 survey. In view of the implementation and regular update of the reform implementation plan and the Building Our Pillar Action plan, both of which promote adaptation and integration to facilitate the efficient achievement of goals of the "whole-of-pillar" approach, the administration requests closure of the recommendation.	recommendation to be implemented.				
119	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 they should be realized throughout the implementation of projects, and that it take measures to increase funding entrusted to local civil society and community organizations directly to improve national capacity.	In 2023, the Peacebuilding Fund commissioned an independent assignment to develop catalytic effect guidelines for the Fund. The document was finalized in March 2024. According to the findings, the interest of most stakeholders is in the non-financial catalytic effects of peacebuilding projects and is best measured at the country/project level. In 2023, to measure the amount that civil society organizations received from the Fund, the amount of financing received by national and local non-governmental organizations on an annual basis was calculated. While data for 2023 is not yet	Given that the catalytic effects have now been well calculated and analysed, the Board considers this recommendation to be implemented.	X			

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				consolidated, in 2022, 25 per cent of Fund expenditures went to national or local civil society organizations. The Fund has taken measures to increase the funding entrusted to local civil society. Between 2021, 2022 and 2023 the share of the allocation of total approvals to national and local civil society organizations as direct recipients of funds was 0.8 per cent, 2.6 per cent and 3.9 per cent respectively. Over the three years, the number of national and local civil society organizations that were direct recipients of funds from the Peacebuilding Fund increased from 2 to 5 to 11. The Administration therefore requests closure of this recommendation.					
120	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.	In 2022, two new strategic results frameworks were developed – in Bosnia and Herzegovina, and in Madagascar – making a total of 10 strategic results frameworks in Peacebuilding Fund-eligible countries, including in the Democratic Republic of the Congo, Guatemala, Honduras, Kyrgyzstan, Liberia, the Niger, South Sudan and Sudan. However, as noted in the mid-term review of the Peacebuilding Fund strategy, strategic results frameworks may not be the most appropriate tools for every country context. As a result, the Peacebuilding Fund has modified its guidelines noting that strategic results frameworks are not considered mandatory and the Fund encourages alignment with the existing country frameworks. Additionally, the Peacebuilding Fund has been providing funding to support project design based on in-country demand through its independent Programme Support Team roster of consultants. In 2023, four programme support assignments were carried out, namely for projects in Mozambique, Kyrgyzstan, and	Given that the strategic results framework has now been well established and applied, the Board considers this recommendation to be implemented.	X			

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				cross-border areas in Guatemala-Honduras-El Salvador, as well as Liberia-Sierra Leone. This demonstrates that the Peacebuilding Fund remains committed to providing such support when requested by country colleagues. The Administration therefore requests closure of this recommendation.					
121	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" versus "on-track" projects in order to strengthen project management.	The external assessment and guidance on Peacebuilding Fund-project tracking noted that an examination of the current portfolio as at October 2023 showed that out of all the projects that had been off track at some point during their lifespan, 48 per cent were back on track within 6 months and 82 per cent were back on track, or on track with peacebuilding results, within 12 months. Thus, the portfolio has a very strong performance in shifting off track projects back on track. Given the agile nature of the Fund, and the self-reporting approach, it does not seem relevant to set a target for the percentage of projects that are on track or off track at any point in time. The Administration therefore requests closure of this recommendation.	Given that the on-track percentage has now been set at a reasonable level, the Board considers this recommendation to be implemented.	X			
122	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.	As per the recommendation of the Board, the targets for cross-border and transitions priority windows have been revised to 10 per cent for the cross-border priority window, and to within 5 per cent of the previous year's figure for the transitions priority window. The Peacebuilding Fund has also modified the Fund guidelines to increase the duration of cross-border programming to three years. In 2023, the Fund approved 12 per cent for cross-border and regional approaches, 19 per cent for facilitating transitions, and 28 per cent for women's and youth empowerment. This indicates that the Peacebuilding Fund exceeded the targets	Given that the target has been allocated and approved accordingly, the Board considers this recommendation to be implemented.	X			

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				for the cross-border and women’s and youth empowerment priority windows. Concerning transition settings, efforts were adversely impacted by the outbreak of war in Sudan and the termination of the mandate of the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), as well as relatively lower levels of programming in the Democratic Republic of the Congo, Guinea-Bissau and Sierra Leone. The Administration therefore requests closure of this recommendation.					
123	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 consideration to the humanitarian requirements and the practice of fulfilling responsibilities, and take measures to improve its humanitarian financing performance.	The development of the key performance indicators was finalized in early August 2023, with its respective compendium explaining the logic of key performance indicators, their ownership across the organization, methodology of measurement and sources of verification, completed in February 2024. The current key performance indicators for 2023-2026 include a dedicated set of updated indicators on financing, in line with the outputs and outcomes for the six strategic transformational priorities. One of the transformational priorities is specifically on humanitarian financing. The indicators for humanitarian financing already have reasonable targets for 2026, including interim annual targets for 2023, 2024 and 2025. The Organization has embarked on programming, aimed at achieving them by the end of the Strategic Plan period.	Given that the development of the KPIs was finalized in early August 2023 and methodology of measurement and sources of verification, completed in February 2024, the Board considers this recommendation to be implemented.	X			
124	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.	With the issuance in December 2022 of the new Country-based Pooled Funds Global Guidelines, 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 will be translated into country-level operational manuals in 2023. Actions	Given that actions are ongoing, and the results are expected to be gradual, the Board considers this recommendation to be under implementation.		X		

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				are ongoing and results are expected to be gradual. Verifiable implementation is expected by the second quarter of 2024.					
125	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.	With the issuance in December 2022 of the new Country-based Pooled Funds Global Guidelines, 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 will be translated into country-level operational manuals in 2023. Actions are ongoing and results are expected to be gradual. Verifiable implementation is expected by the second quarter of 2024.	Given that the issue of overdue project audits persists, the Board considers this recommendation to be under implementation.		X		
126	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.	The cash balance towards the end of July stood at approximately $300 million, of which a significant amount – some $150 million – had already been committed for allocations, including an initial $125 million for the second round of allocations in 2023 for underfunded emergencies, which took the total underfunded emergency allocation for 2023 to more than $270 million, the highest annual amount in the history of the Central Emergency Response Fund. In the context of reduced donor income and high demands on the Fund the uncommitted amount carried over from 2023 to 2024 for new allocations was only about $190 million. This will require allocations to be carefully managed in the opening months of 2024 until additional donor contributions materialize. The management continues to dynamically make allocation decisions informed by the latest income trends and projections, in order to make the best possible use funds over the year to meet humanitarian needs in the field.	Given that the cash balance of the Central Emergency Response Fund as at 31 December 2023 was $269.93 million, lower than the $335.97 million as at 31 December 2022, and has been declining for two consecutive years, the Board considers this recommendation to be implemented.	X			

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127	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 collaboration and work out guidance on the establishment of ICT governance bodies at the entity level.	Implementation of the recommendation is in progress – the Office of Information and Communications Technology is working with the Department for General Assembly and Conference Management t to develop guidance.	Given that no further supporting documents have been provided, the Board considers the recommendation to be under implementation.		X		
128	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.	Technical policies and guidelines are reviewed on a regular basis following a schedule established by the Information and Communications Technology Policy Committee. Policy owners are identified and informed when policies need to be reviewed. The Office of Information and Communications Technology will provide the latest quarterly report, indicating the responsible policy owners. The policy revision is an ongoing process. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that supporting documents have been provided in April 2024, the Board considers this recommendation to be implemented.	X			
129	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.	A zero draft of the ICT accountability framework is currently under review. The framework is expected to be finalized by the ICT Accountability Framework Working Group and the ICT Steering Committee by the second quarter of 2024. An external consulting firm has reviewed the draft, and its recommendations and advice will be incorporated.	Given that no further supporting documents have been provided, the Board considers the recommendation to be under implementation.		X		

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130	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 United Nations Secretariat and is reflected as one of two critical information and communications technology 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 the Steering Committee.	Given that no further supporting documents have been provided, the Board considers the recommendation to be under implementation.		X		
131	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 implementation of the seven-point information security action plan in an expeditious manner.	The best mechanism to implement this recommendation across the Secretariat has been discussed by the ICT Steering Committee, which decided to reconsider the issue after the report of the Office of Internal Oversight Services on its horizontal audit of ICT security in the Secretariat has been completed.	Given that no further supporting documents have been provided, the Board considers the recommendation to be under implementation.		X		
132	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.	Resources to maintain and to enhance the levels of technical monitoring that were requested as part of the capital investment plan have not been approved. The Office of Information and Communications Technology will submit new resource requests to address this requirement through the available appropriate budgetary/financial mechanisms.	Given that no further supporting documents have been provided, the Board considers the recommendation to be under implementation.		X		
133	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 Office of Information and Communications Technology business continuity plan has been updated in December 2023. The disaster recovery plan and disaster recovery technical procedures are being updated with a forecasted completion timeline by the end of 2024. This delay is due to liquidity issues that necessitates reprioritization of disaster recovery-related activities to end of the year 2024.	Given that no further supporting documents have been provided, the Board considers the recommendation to be under implementation.		X		

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134	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.	The data protection and privacy policy for the Secretariat of the United Nations (ST/SGB/2024/3) was issued in March 2024. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that the evaluation process of the policy is in its final stage, the Board considers this recommendation to be implemented.	X			
135	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.	ST/SGB/2024/3 on the data protection and privacy policy for the United Nations Secretariat was issued in March 2024. The General Assembly (in its resolution 78/252) also approved the establishment of the Office of Data Protection and Privacy, which will lead the data protection and privacy efforts of the Organization. Human resources-related processes on the establishment of the Office have started. Once the Office has been established, the Office of Information and Communications Technology will review privacy mechanisms and align them with requirements and existing capacity.	Given that there is no formal policy on privacy, the Board considers the recommendation to be under implementation.		X		
136	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 concept note outlining the role of a property record custodian for Information and Communications Technology assets recording and management will be drafted in consultation with the relevant stakeholders.	Given the recent audit findings about the insufficient management of the ICT assets, the Board considers the recommendation to be under implementation.		X		
137	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 concept note outlining the role of a property record custodian for Information and Communications Technology assets recording and management will be drafted in consultation with the relevant stakeholders.	Given the recent audit findings about the insufficient management of the ICT assets, the Board considers the recommendation to be under implementation.		X		

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138	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 concept note outlining the role of a property record custodian for Information and Communications Technology assets recording and management will be drafted in consultation with the relevant stakeholders.	Given that recent audit findings about the insufficient management of the ICT assets, the Board considers the recommendation to be under implementation.		X		
139	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 conducted a review of its current contractual engagements through the financial agreement with UNOPS and transitioned in January 2023 to a services-based model for information and communications technology services and projects with payments against services delivery. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that no change on the status update and no further supporting documents have been provided in April 2024, the Board considers this recommendation to be under implementation.		X		
140	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	The Office of Information and Communications Technology conducted an evaluation of the contractual services model with UNOPS for activities related to information and communications technology projects and moved to a services-based model in January 2023. This ensures clarity of budget and payments against services rendered and evidence is available for the Board's review. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given the information provided by the Office of Information and Communications Technology, the Board considers this recommendation to be 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
			requirements in budget proposals.						
141	2022	A/78/5 (Vol. I), chap. II, para. 29	The Board recommends that the Administration make appropriate disclosure on the funds received in its budget documents to ensure transparency.	The Administration has implemented this recommendation in the 2025 programme plan and budget, which discloses additional information on extrabudgetary resources. For the Office for the Coordination of Humanitarian Affairs 2025 programme plan and budget, the Administration has disclosed in a footnote the estimated extrabudgetary resources for the Central Emergency Response Fund, country-based pooled funds and specially designated contributions presented in the proposed programme budget document. For section 3 (including the Department of Political and Peacebuilding Affairs), the footnote refers to the Peacebuilding Fund. The Administration considers this recommendation to be implemented and will request its closure during the interim audit for the financial year 2024.	Given that no improvements have been made in the latest programme budget, the Board considers this recommendation to be under implementation.		X		
142	2022	A/78/5 (Vol. I), chap. II, para. 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 resource when reporting extrabudgetary resources in the proposed programme budget.	The Administration has amended the budget guide for special political missions for 2025, which in paragraph 10.2 includes the following additional requirements for special political missions. All missions with extrabudgetary resources are requested to ensure that they provide detailed information on extrabudgetary resources using the template worksheet, and align the number of posts by grade with the actual number of posts in Umoja. Missions are also requested to ensure that extrabudgetary posts that are no longer active in the new period are shown as "expired" in Umoja, so that there are no discrepancies between the reported number of extrabudgetary posts and the number in Umoja. Missions are also requested to ensure that the extrabudgetary posts as shown on the organizational chart are reconciled with	Given that the current budget guide has been amended, the Board considers this recommendation to be 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
				Umoja. The Administration is requesting closure of the recommendation, as it has been implemented.					
143	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Office of Programme Planning, Finance and Budget provided guidance to ensure that entities disclose details of the proposed grants and contributions, with a breakdown by component/subprogramme, and post and non-post resources. An example of such a detailed table was provided in the template for supplementary information for the proposed programme budget for 2025. The Administration considers this recommendation fully implemented and respectfully requests its closure.	Given that improvement has been made in 2023 such as the provision of analyses and breakdowns for each entity regarding the use of the grants in section 23, the Board considers this recommendation to be implemented.	X			
144	2022	A/78/5 (Vol. I), chap. II, para. 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.	The United Nations Assistance Mission in Afghanistan (UNAMA) armoured passenger vehicle holding for 2024 is 149, excluding 10 vehicles earmarked for security use (close protection) and is therefore above the standard allocation of 96. In 2024, 17 vehicles will be written-off and 14 new vehicles are expected to arrive, bringing the total to 146 vehicles. The vehicle holdings at UNAMA are 52.0 per cent higher than the standard allocation and is attributable to the operational requirement for the allocation of 48 vehicles in the dispatch pool across all the regions of the Mission for airport shuttle services, road missions and 2 driver testing vehicles. The UNAMA armoured vehicle holding is based on the assessed security situation where the elevated use of armoured vehicles is dictated by the extant security threats. All staff transportation is in armoured vehicles and every road mission requires a minimum of two vehicles with a maximum of three passengers (with personal protective equipment) per vehicle. The interior space of an armoured	Given that the analysis of the root causes is still in process, the Board considers this recommendation to be under implementation.		X		

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				vehicle is reduced after the up-armouring process, which should also be taken into consideration. With regards to ICT equipment, at the end of December 2023, the total holding was 1,236 computing devices, exceeding the authorized number of 1,196. This surplus is attributed to delays in the delivery of newly ordered equipment, in customs clearance with the de facto authorities and in the process of writing off old devices. Consequently, the inventory of ICT devices is projected to increase further until the delivery of equipment to UNAMA custody, the implementation of a full replacement programme and completion of the write-off process. We anticipate that this issue will be addressed and resolved by the first quarter of 2025. The Security Council Committee established pursuant to resolution 1540 (2004) has undertaken an inventory of computing devices to reflect the actual holding within the department. The Security Council Committee had 20 laptops assigned to it in 2023, of which four will be disposed of by June 2024, 16 laptops are in current use by 9 non-staff experts, including one common laptop in the conference room for the Group of Experts, and by 5 support staff, and 1 laptop has been transferred within the Office for Disarmament Affairs.					
145	2022	A/78/5 (Vol. I), chap. II, para. 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 Ratio Manual in order to enable the missions to improve the transparency and quality of vehicles and computing	The Office of Supply Chain Management is reviewing the feedback from client entities to initiate review of the ratios through consultation with relevant stakeholders.	Given that the Office of Supply Chain Management is in the process of consultation with relevant stakeholders in the context of updating the vehicle fleet category strategy, the Board considers this recommendation to be under implementation.		X		

						Status after verification			
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			devices budget proposals in the future.						
146	2022	A/78/5 (Vol. I), chap. II, para. 75	The Board recommends that the Administration develop an effective communication mechanism, as well as establish a guideline to ensure due review of all ICT budget proposals.	This recommendation is similar in substance to the one raised in chapter II, paragraph 737, of A/76/5 (Vol. I). The Administration respectfully requests the closure of this recommendation.	Given that progress has been made by the Office of Information and Communications Technology to enhance compliance, and that the Board will reiterate its recommendation regarding the ICT budget review this year, the Board considers this recommendation to be overtaken by events.				X
147	2022	A/78/5 (Vol. I), chap. II, para. 90	The Board recommends that the Administration continue to monitor budget implementation, in particular for those entities with continuous over expenditure on furniture and equipment, in accordance with the parameters established by the General Assembly.	As indicated in the update provided in March 2024, The Administration considers this recommendation to be implemented. Based on the Board's response to the March 2024 update, the Administration looks forward to reengaging with the Board to define clear and achievable implementation criteria.	Given that the overexpenditure on furniture and equipment for consecutive years was still noted, the Board considers this recommendation to be under implementation.		X		
148	2022	A/78/5 (Vol. I), chap. II, para. 101	The Board recommends that the Administration update its policies to emphasize monitoring mobile device services usage for non-official purpose.	The policy has been presented to the Staff-Management Committee and is in line with the issuance process. In addition, the technical procedures for mobile devices have been aligned during the revision process led by the ICT Policy Committee.	Given that policies are currently in line with the issuance process, the Board considers the recommendation to be under implementation.		X		
149	2022	A/78/5 (Vol. I), chap. II, para. 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	e-Billing application screenshots showing the instructions are attached as evidence. The Office of Information and Communications Technology requests the closure of this recommendation.	Given that the e-billing instructions were provided, but it was not specified who is responsible for reviewing and verifying the official calls justification set by the staff concerned, the Board considers this		X		

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			to regular budget in a timely manner.		recommendation to be under implementation.				
150	2022	A/78/5 (Vol. I), chap. II, para. 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.	The revised role of the video conferencing team has been incorporated into the updated financial agreement with UNOPS under the virtual events management cluster. The financial agreement outlines the objectives, activities, scope and expected deliverables for virtual events management which cover UniteVC, Teams Live, WebEx and Zoom. The updated financial agreement (OICT FA 02 – OSD) has been provided for reference. The Office of Information and Communications Technology requests the closure of this recommendation.	Given that the financial agreement with UNOPS was revised in 2024, the Board will need further time and information to make ensure that this revised financial agreement actually improves the resource utilization and enhances cost effectiveness. The Board considers this recommendation to be under implementation.		X		
151	2022	A/78/5 (Vol. I), chap. II, para. 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.	Fund balances in the cost-recovery funds are required to ensure continuous operations and to avoid cross subsidization with assessed funds. The Office of Programme Planning, Finance and Budget continues to review fund balances to ensure an appropriate level taking into consideration the requirements for staffing liabilities and other future operational costs required to provide services. Closure is requested on the basis of the recent email exchange.	Given that the Board noted a $492.85 million accumulated surplus and a rebounding reserve ratio in cost-recovery services during the final audit for 2023, the Board considers this recommendation to be overtaken by events.				X
152	2022	A/78/5 (Vol. I), chap. II, para. 133	The Board recommends that the Administration expedite its cleaning up of the legacy accumulated surplus and attribute unassigned accumulated surplus to accountable offices/ departments.	The Administration's comments were disclosed in A/78/5 (Vol. I).	Given that the cleaning up process is still ongoing, the Board considers this recommendation to be under implementation.		X		

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153	2022	A/78/5 (Vol. I), chap. II, para. 138	The Board recommends that the Administration timely 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.	As the liquidity position of the jointly financed activities fund (10JFA) has improved, the loan facility was repaid in June 2023. Going forward, should the need arise for temporary financing of the 10JFA fund, the Administration will explore the options available to manage liquidity for the Organization.	Given that in June 2023 the Administration repaid the remaining $37 million loan that the jointly financed activities fund borrowed from the cost-recovery fund, the Board considers this recommendation to be implemented.	X			
154	2022	A/78/5 (Vol. I), chap. II, para. 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 reimbursements conditions established in the respective agreements and in the cost-recovery policy and guidelines.	The United Nations Office at Vienna carried out negotiations and agreed with its clients on the services to be provided as well as related cost recoveries and billed its clients prior to the end of 2022. Going forward, the Office is looking to implement some additional internal measures to ensure this action is taken within the same time frame. The Administration considers this recommendation to be implemented and requests for its closure by the Board.	The Board verified that the United Nations Office at Vienna initiated negotiations with all its clients, in early December 2022, which contributed to the timely collection of payments related to the cost recoveries associated with the services that the Office would provide in 2023. In addition, the Board noted that the Office had developed a spreadsheet document with data about all its clients, allowing updated information on the follow-up to the negotiations, confirmations and payments. Finally, the Board verified that all client payments associated to cost-recovery services were made at the beginning of the 2023 annual cycle, fulfilling the reimbursement conditions established in the respective memoranda of understanding on service level agreements.	X			

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					The Board therefore considers this recommendation to be implemented.				
155	2022	A/78/5 (Vol. I), chap. II, para. 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 the payments from its clients.	The United Nations Office at Vienna put in place a system whereby internal and external clients are billed in advance of the period to which the services relate. In addition, there is an established process in place to monitor the collection of receivables. The Accounts Section of the Office's Financial Resources Management Service periodically runs an Umoja report on accounts receivable report to monitor the status of the Office's receivables. Subsequently, the Accounts Section follows-up on any pending accounts receivable. All the invoices, correspondences and reminders are stored, with each customer having a separate folder. All communications are also centralized in a single email account. In 2023, all initial yearly invoices were cleared (paid) by the end of January, except one payment cleared in the first week of February. Overall, the Office has made substantive progress related to timely collection of payments from service recipients, whereby related income was collected within an average of one month of service start date compared to over seven months in 2022.	The Board verified that the United Nations Office at Vienna, for the purpose of avoiding delays in the payments from its clients, put in place new control and monitoring practices on this matter, such as initiating prompt negotiations with its respective clients and requiring from them the necessary information to collect the associated cost recoveries in a timely manner. Regarding the above, the Board verified that the Office had developed a follow-up spreadsheet document as a control mechanism, which contained, among others, client's data on the services and its related costs, negotiation and confirmation dates, and payment dates and documents. Additionally, the Board verified that there were no delays in the payments. In almost all cases, clients paid before the end of January 2023, and only two of them paid in February and March of the same year. Finally, the Office confirmed that the spreadsheet document was used as a control mechanism and that the	X			

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					above-mentioned activities will be extended beyond 2023. In view of the above, the Board considers this recommendation to be implemented.				
156	2022	A/78/5 (Vol. I), chap. II, para. 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 potential financial burden on Member States.	The Administration continues its catering activities at United Nations Headquarters to offset the past losses of catering operations. A table with monthly catering financial results has been provided. Five of seven cafes are currently open and are being monitored by the Administration. The United Nations Postal Administration has been taking steps to reduce losses and will continue to do so by expanding sales and maintaining, if not reducing, costs. The Postal Administration continues to progress towards profitability despite the challenges it faces in relation to declining philatelic markets and aging of its core customers group. In an effort to adjust its operation to meet those market changes, the Postal Administration has engaged a consulting company to review its operations and revenue-generating capability. In addition, the Postal Administration is working towards replacing its legacy sales system and website with a more integrated and technologically advanced system. With the help of the Office of Information and Communications Technology, the Postal Administration has successfully launched two series of United Nations Crypto Stamps, which consist of physical stamps and their unique digital twins developed using blockchain technology for which customer response has been positive. The Administration requests the Board to consider the efforts taken to minimize the losses in revenue-producing activities and close the recommendation.	Given that the revenue from tours and bookstore has increased remarkably in 2023, the Board consider this recommendation to be implemented.	X			

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157	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Administration has already developed and deployed the monitoring tool to keep track of inactive grants and published it as a part of a monthly internal control dashboard to facilitate the review by entities of unspent funds under operationally closed grants requiring final closure action based on the established key performance indicators.	Given that the Administration has developed and deployed the monitoring tool to keep track of inactive grants, the Board considers this recommendation to be implemented.	X			
158	2022	A/78/5 (Vol. I), chap. II, para. 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.	The United Nations Office at Geneva continues to improve its forecasting for resource requirements for its multi-year construction budget. As programme management costs are relatively fixed, the main variable is the contractor's cash flow forecast. The strategic heritage plan team is working closely with the contractor to obtain accurate scheduling and costing data. If resource needs change, the project team informs United Nations Headquarters as soon as possible (as the Office did in December 2022) to limit unspent balances at the end of the budget period. The strategic heritage plan team notes, however, that those balances are carried over and deducted from the following year's assessment.	Given that the cash balance of 64CFA remains high, the Board considers this recommendation to be under implementation.		X		
159	2022	A/78/5 (Vol. I), chap. II, para. 191	The Board recommends that the Administration expedite its review and revision of the administrative instruction on programme support accounts to ensure effective utilization of the programme support cost funds.	Consultations were undertaken with key stakeholders in the United Nations Office at Geneva, the United Nations Office at Vienna, the United Nations Office at Nairobi, the United Nations Environment Programme, the United Nations Human Settlements Programme (UN-Habitat) and the Economic and Social Commission for Asia and the Pacific. The Administration's second internal draft of the guidelines on the management of programme support	Given that work is underway to review and revise the administrative instruction on programme support accounts incorporating guidance on the level of programme support costs reserves, the Board considers this recommendation to be under implementation.		X		

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				costs has undergone initial internal review, and the document is being revised and updated based on the suggestions and feedback. As the next step, the updated draft will be shared with the wider relevant stakeholders for consultations.					
160	2022	A/78/5 (Vol. I), chap. II, para. 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 that it amend the related Asset and Investment Manager compliance rules accordingly.	The language in the United Nations Investment Management Guidelines will be clarified on this point to facilitate a clear interpretation of the rules without any ambiguity. The Bloomberg Asset and Investment Manager rules will also be updated.	Given that the language of the United Nations Investment Management Guidelines language and the Bloomberg Asset and Investment Manager rules will be clarified on this point, the Board considers this recommendation to be under implementation.		X		
161	2022	A/78/5 (Vol. I), chap. II, para. 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.	The investment guidelines are being updated to ensure consistent references to the minimum credit rating criteria.	Given that the investment guidelines will be updated to ensure consistent references to the minimum credit rating criteria, the Board considers this recommendation to be under implementation.		X		
162	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Administration has reviewed the mapping process between cash pool assets and the associated investment revenue. Subsequent to the review, the investment revenues for the mid-year June 2023 and December 2023 have been posted. Additionally, a control mechanism has been established to ensure the cash pool assets and associated investment revenue are accurately recorded.	Given that the Administration has provided supporting documents related to the review process, the Board consider this recommendation to be implemented.	X			
163	2022	A/78/5 (Vol. I), chap. II, para. 223	The Board recommends that the Administration establish an institutional mechanism for the United Nations Medical Insurance Plan management, to periodically review the performance of	The required overall review of the United Nations Medical Insurance Plan is underway. Determining the structure of and establishing an institutional mechanism to, inter-alia, review plan performance, is a part of this review and is	Given that the Administration is still working on establishing a mechanism periodically review the performance of the United Nations Medical Insurance Plan,		X		

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			the Plan, propose premium rate adjustments and closely monitor the reserve balance of the Plan to ensure its sustainability.	anticipated to be completed by 31 December 2024.	the Board considers this recommendation to be under implementation.				
164	2022	A/78/5 (Vol. I), chap. II, para. 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.	The annual review of premium requirements for the 2024/2025 plan year based on plan performance and reserve balances was concluded with premium updates implemented effective 1 July 2024. Periodic monitoring of reserve balances is a standard and ongoing process. Contract arrangements have been made for actuarial services to, inter alia, review the reserve requirements from an actuarial standpoint to ensure the long-term sustainability of the health insurance plans.	Given that a one-month premium holiday on 1 July 2023 may not change the high level of reserves for the three health insurance plans, the Board considers this recommendation to be under implementation.		X		
165	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Executive Committee made a recommendation in September to the Director-General to amend the internal rules in accordance with the Board's recommendation. The Director-General approved that recommendation on 17 October 2023 with an effective date of 1 January 2025. The recommendation can therefore be closed. The supporting documentations has been uploaded to the shared folder.	Given that an amendment was made to the internal rules of the United Nations Staff Mutual Insurance Society against Sickness and Accidents, requiring that the creation of all new reserves and provisions must be approved by the Director-General, the Board considers the recommendation to be implemented.	X			
166	2022	A/78/5 (Vol. I), chap. II, para. 241	The Board recommends that 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 Administration will continue to send monthly statements to the agencies on their outstanding receivables and to strengthen its efforts to encourage agencies and other United Nations entities to pay their dues, including their share of contributions to the health insurance funds on a timely basis. In collaboration with the Health and Life Insurance Section, the	Given that the Administration will continue to send monthly statements to the agencies on their outstanding receivables and will take measures to expedite the reconciliation process of outstanding health		X		

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			the health insurance funds in a timely manner.	Administration will take measures to expedite the reconciliation process for outstanding health insurance receivables to avoid long- outstanding balances and ensure that payments are received from the agencies.	insurance receivables, the Board considers this recommendation to be under implementation.				
167	2022	A/78/5 (Vol. I), chap. II, para. 244	The Board recommends that 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.	The United Nations Staff Mutual Insurance Society against Sickness and Accidents presented this audit recommendation to the Executive Committee and reached out to the concerned organizations. This recommendation can be closed.	Given that experience was shared through communication and discussions among participating organizations on automated recoveries for health insurance receivables, the Board considers the recommendation to be implemented.	X			
168	2022	A/78/5 (Vol. I), chap. II, para. 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 custody of the Office of Information and Communications Technology.	The Office of Information and Communications Technology developed a plan to inspect the heritage assets and, as such, has identified the 96 heritage assets. The physical inspection has now been completed. The Office requests that this recommendation be closed.	Given that the physical inspection has been completed and the 96 heritage assets have been identified, the Board considers this recommendation to be implemented.	X			
169	2022	A/78/5 (Vol. I), chap. II, para. 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 the United Nations Headquarters in the future.	The Office of Information and Communications Technology has identified the heritage assets and, after an extensive physical verification exercise, has updated the entries in Umoja accordingly. The Office requests that this recommendation be closed.	Given that the relevant data has been updated in Umoja, the Board considers this recommendation to be implemented.	X			
170	2022	A/78/5 (Vol. I), chap. II, para. 259	The Board further recommends that the Administration conduct a professional assessment of the warehouse's environment at United Nations Headquarters and take	Following discussions with the architect on the requirements for the scope of the assessment, a proposal from the architect has been received. Funding will need to be identified to initiate the assessment activity.	Given that the assessment activity has not been initiated, the Board considers this recommendation to be under implementation.		X		

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			necessary measures to ensure the safe storage of heritage assets.						
171	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Economic Commission for Africa also conducted a formal debriefing exercise to identify lessons learned from the procurement activities for the Africa Hall project that could help prevent such issues with future similar projects. A thorough review of the procurement process for the Africa Hall project was undertaken.	Given the response provided by the Administration, the Board considers this recommendation to be implemented.	X			
172	2022	A/78/5 (Vol. I), chap. II, para. 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.	For design document coordination between the lead architect, Architectus & Conrad Gargett, and the Africa Hall project team, a document management platform, Newforma, has been utilized by the architect since the inception of the project. Newforma allows the transfer and recording of correspondence without limitation of file types and sizes, which includes design drawings, reports, pictures, invoices, and so on. For the main construction work of the Africa Hall renovation project, a real-time document management platform, Aconex, has been utilized since 2023. Aconex allows the whole project team, which includes the lead architect, the construction contractor and its sub-contractors, and the Africa Hall project team, to exchange, record and store all project correspondence, namely technical submittals review and approval, variation review, contractual notification and instructions, and so on. As of December 2023, there are over 2,500 documents recorded in Aconex. Project management controls have also been further strengthened, that is, written updates on significant project-related developments are submitted to the project Advisory Board, which has enhanced the tracking of progress, and action points	Given that the project management controls have been further strengthened, the Board considers this recommendation to be implemented.	X			

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				from the meetings are followed through. Stakeholder meetings are held to assess the schedule progress.					
173	2022	A/78/5 (Vol. I), chap. II, para. 283	The Board further recommends that the Administration diligently assess potential strategies for recovering losses and minimizing inefficiencies.	The position paper on an analysis of the potential strategies to recover losses and claims against the defaulting contractor has been prepared and approved by the Executive Director of ECA. The Administration conducted the analysis in accordance with the Board's recommendation.	Given that the position paper on an analysis of the potential strategies to recover losses and claims against the defaulting contractor has been prepared, the Board considers this recommendation to be implemented.	X			
174	2022	A/78/5 (Vol. I), chap. II, para. 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 new building.	Construction of the new office buildings started in late July 2023 and are on schedule, nearing the halfway point of the 18-month construction contract. The superstructures to the roof slab are nearing completion, and should be complete by May or June 2024, allowing for the interiors and finishings to be completed by year end. No delays are anticipated, as the building contractor has demonstrated competence and compliance with the agreed timelines. The schedule will continue to be monitored for the duration of the construction.	Given that the construction of the superstructures to the roof slab and the interiors and finishings of the new office buildings are expected to be completed by the year end 2024, the Board considers this recommendation to be under implementation.		X		
175	2022	A/78/5 (Vol. I), chap. II, para. 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.	Currently the service-level agreement, the letters of appointment and the appendix to the terms of reference for the recruitment of senior officials have been reviewed and approved in accordance with the recommendation of the Board and are in use for the recruitment of new appointees. The new humanitarian coordinator pool intake has been finalized.	Given that currently the service-level agreement, letter of appointment and the appendix to the terms of reference for the recruitment of senior officials have been reviewed and approved, the Board considers this recommendation to be implemented.		X		
176	2022	A/78/5 (Vol. I), chap. II, para. 330	The Board recommends that the Administration continue to support entities in expediting the process of	The Human Resources Services Division engaged with entities to establish a list of current staff administered by UNDP on behalf of the United Nations Secretariat.	Given that the proposal is under review, 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
			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.	As of December 2023, there were 2,100 such staff members remaining in the Department of Global Communications, the Department of Safety and Security, the Office for the Coordination of Humanitarian Affairs, the Office of the United Nations High Commissioner for Human Rights, the United Nations Conference on Trade and Development, the United Nations Environment Programme, the United Nations Human Settlements Programme and the United Nations Office on Drugs and Crime. The Human Resources Services Division – in coordination with the Office of Human Resources, the Office of the Controller and the Payroll and Accounts Payable Section – developed a process guide for entities to transfer staff from UNDP to United Nations Secretariat administration by means of the so called "lift/shift" modality. The process guide included a sample project plan and templates for data gathering and verification and was shared with entities in November 2023. The transition for staff in the Office for Disarmament Affairs was completed in 2023. The transition for the United Nations Office on Drugs and Crime was started, and the first batch was moved with completion planned for June 2024. The transition for the Office of the United Nations Commissioner for Human Rights was also started and four staff members were moved. A further proposal for the Office as well as transition plans for the Department of Safety and Security and the United Nations Centre for Human Settlements are currently under review for approval by the relevant stakeholders.	recommendation to be under implementation.				
177	2022	A/78/5 (Vol. I), chap. II, para. 339	The Board recommends that the Administration conduct a thorough workforce review of the ICT staffing support	A workforce review of the ICT staffing support services will be concluded by December 2024 in order to avoid overreliance on third-party contract	Given that the workforce review is in progress, the Board considers the		X		

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			service and avoid overreliance on third-party contract personnel.	personnel. Several steps have already been taken to assess and streamline operations supported by service providers. As part of the workforce review, the Office of Information and Communications Technology is examining the modalities available for ICT service provision with a view to optimizing quality, cost and service level.	recommendation to be under implementation.				
178	2022	A/78/5 (Vol. I), chap. II, para. 355	The Board recommends 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 the following United Nations procurement principles.	Steps have been taken to assess and streamline operations supported by ICT contractual personnel, including transitioning to service contract modalities. Evidence is available for the Board's review. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Give that there has been no assessment of ICT procurement, the Board considers this recommendation to be under implementation.		X		
179	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Department of Political and Peacebuilding Affairs has strengthened the management of positions and the selection process for P-5 positions since the 2018 incident in question. As part of the process improvement/realignment initiative following the reforms of the Secretary-General, the authority for the approval of selections for P-5 and above positions is retained by the Under-Secretary-General. The creation of extrabudgetary posts up to P-5 are governed by the Department's extrabudgetary committee, requiring the review and recommendation of the committee and subsequent approval by the Under-Secretary-General to establish extrabudgetary posts. The extrabudgetary committee is comprised of representatives from divisions across the Department. The Office of Internal Oversight Services has investigated the alleged unsatisfactory conduct, and the case has been closed. The disciplinary process has been suspended	Given that the Department of Political and Peacebuilding Affairs has strengthened the management of positions, and the case is closed, the Board considers this recommendation to be implemented.	X			

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				following the separation of the subject. In view of the foregoing, the Administration requests closure of this recommendation.					
180	2022	A/78/5 (Vol. I), chap. II, para. 364	The Board recommends that the Administration review the policy on special post allowance to ensure that it is only applicable to exceptional cases.	This recommendation is under implementation. A new special post allowance policy is under discussion.	Given that the new special post allowance policy is under discussion, the Board considers this recommendation to be under implementation.		X		
181	2022	A/78/5 (Vol. I), chap. II, para. 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.	Based on the 2022 and 2023 issues highlighted by the Board, ECA took action and reviewed the classification of the general temporary assistance replacement positions. The classification review has been fully disclosed. ECA requests the closure of this recommendation as implemented.	Given that the Board found that some similar issues still exist in the 2023 audit, the Board considers this recommendation to be under implementation.		X		
182	2022	A/78/5 (Vol. I), chap. II, para. 377	The Board recommends that the Administration ensure the concerned entities in collaboration with UNOPS, clearly stipulate the conditions under which the respective selection modality is used in the next revised financial agreement.	Through the entry into force of two new financial agreements as at 1 January 2024, the selection modality is determined by the legal and contractual framework of UNOPS.	Given that the selection modality is determined by the legal and contractual framework of UNOPS in the two new financial agreements, the Board considers this recommendation to be implemented.	X			
183	2022	A/78/5 (Vol. I), chap. II, para. 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.	The new framework memorandum of understanding between the United Nations Secretariat and UNOPS is now in place. The new framework memorandum of understanding, annexes and supplementary guidelines are available in the Knowledge Gateway. This Administration has taken steps to implement this recommendation and therefore requests its closure.	Given that the new framework memorandum of understanding between the United Nations Secretariat and UNOPS is now in place, the Board considers this recommendation to be implemented.	X			

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184	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Office for the Coordination of Humanitarian Affairs has always made selections after a thorough review/assessment process of both external and internal candidates, in accordance with the General Assembly resolution on equal treatment of internal and external candidates. The Office continues to use email templates in which internal candidates are not highlighted during the recruitment process in order to ensure fairness and competitiveness. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that the Office for the Coordination of Humanitarian Affairs continues to use email templates in which internal candidates are not highlighted during the recruitment process in order to ensure fairness and competitiveness, the Board considers this recommendation to be implemented.	X			
185	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Administration requests that this recommendation be closed, based on the successful roll-out of a pilot exercise and follow- up with select entities in January 2024. The objective of the pilot is to engage in more depth with some entities in order to support them in improving their performance in relation to exceptions by identifying (a) strategies for the first line of defence to implement and (b) opportunities for improving the support provided by the second line of defence (Business Transformation and Accountability Division and policy and business owners). This pilot exercise has consisted of several meetings with the entities, and follow-up through email and meetings. The feedback and lessons learned from pilot entities have already been collected and the progress in performance (notably in addressing the backlog of cases) documented. Feedback has also been taken into consideration to improve internal monitoring by the Business Transformation and Accountability Division and the	Given that a pilot exercise has been successfully rolled out and there was follow-up with select entities in January 2024, the Board considers this recommendation to be implemented.	X			

						Status after verification			
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				monitoring process. Changes are gradually being implemented. In a later stage, the lessons learned from the pilot will be shared with and applied to all entities once the positive impact on performance has been demonstrated.					
186	2022	A/78/5 (Vol. I), chap. II, para. 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.	In February 2024, the Office of Human Resources presented to the Executive Officers relevant information on (a) the status of equitable geographical distribution; (b) the review of the performance of the Senior Manager's Compact for 2023 and the importance of concerted efforts to reach compliance with the geographical targets in the 2024 Compact; and (c) the upcoming changes to the system of desirable ranges and emphasis on General Assembly resolution 77/278. In April 2024, the Assistant Secretary-General for Human Resources will be sending a communication to heads of entities emphasizing the urgency of bringing every Member State within its desirable range. In August 2023, the Office of Human Resources launched a careers outreach package to streamline and optimize global talent outreach efforts across the Secretariat's entities. The package includes organizational strategies on gender parity and geographical representation, United Nations Careers-branded materials, talent outreach presentation slides, handouts for candidates and frequently asked questions. A session was held for all human resources practitioners. Given the above, the Administration considers the recommendation closed.	Given that the Office of Human Resources organized two sessions with special political missions and peacekeeping operations to provide relevant information on equitable geographical distribution, the Board considers this recommendation to be implemented.	X			

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187	2022	A/78/5 (Vol. I), chap. II, para. 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 therefrom and more knowledge is shared on channels, pipelines, qualifications, etc., for them to be able to be selected.	The Office of Human Resources has implemented a number of initiatives to ensure job opportunities are sufficiently publicized and accessible to all underrepresented and unrepresented groups: One partnership agreement has been signed between the Office and an underrepresented Member State to have a targeted approach to identifying and recruiting qualified talent into the Organization. The United Nations Careers Portal serves as a key talent outreach tool that provides a comprehensive overview of all the employment opportunities within the United Nations Secretariat. The services of 2 regional job boards, one in the Middle East and one for the Caribbean, have been contracted as part of a pilot project to reach audiences in those regions on familiar platforms that will lead to more engagement of applicants. Under the long-term agreement with LinkedIn, the Office aims to leverage specialized content to enhance the United Nations Secretariat's presence on this platform and attract talent from diverse backgrounds. As part of the long-term agreement, the Office will have the ability to promote job openings on LinkedIn, target candidates and directly invite them to apply. With regard to social media, the Office, through comprehensive research, identified Facebook as the primary social media platform used for job searches in developing countries, particularly among underrepresented and unrepresented Member States. Given the above continuing efforts, we consider the recommendation closed.	Given that auditors have found some similar issues during the 2023 final audit, the Board considers this recommendation to be under implementation.		X		

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188	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Headquarters Committee on Contracts is planning to compile all the relevant information for the year 2023 to prepare the annual report by the end of the same year.	Given that the work is continuing, the Board considers this recommendation to be under implementation.		X		
189	2022	A/78/5 (Vol. I), chap. II, para. 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.	The United Nations Global Marketplace sends three notifications to vendors to upload their latest financial statements annually. The first reminder is sent 90 days after the initial "valid to" date, the second one is sent 120 days after the initial "valid to" date and receipt of the first reminder, and the last one is sent 150 days after the initial "valid to" date and receipt of the second reminder. In addition, the Enabling and Outreach Service sends reminders and follow-up emails to those vendors who have contracts of $10 million and above, requesting them to upload their latest financial statements to allow the Service to reevaluate their financial strengths annually. emails sent from the VRO through the United Nations Global Marketplace to those vendors with contracts of $10 million and above. The Service also checks those vendors whose company names have been changed, so that the re-evaluation of their Level 1 status is completed for all vendors who are synched with Umoja in advance of contract award/extension to minimize the time required for the Service to conduct a full assessment of the vendors. While the Service continues to work with the United Nations Global Marketplace closely to explore the implementation of new features to inactivate non-responsive vendors, the Service has issued a new Category Management App that provides for each category the level of	The Administration provided all appropriate documentation, and the Board considers the recommendation to be implemented.	X			

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				responsiveness of invited bidders to tenders in percentages and those that never respond, so that this is taken into account by procurement officials. The Board is requested to consider the recommendation implemented.					
190	2022	A/78/5 (Vol. I), chap. II, para. 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.	The lead agency, the International Labour Organization, is working to consolidate all the inputs received from the legal representatives of the Member entities. Upon completion of the consolidation, the draft will be circulated among member organizations for review.	Given that the lead agency, the International Labour Organization, is still working to consolidate all the inputs received from the legal representatives of the Member entities, the Board considers this recommendation to be under implementation.		X		
191	2022	A/78/5 (Vol. I), chap. II, para. 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.	The revision of ST/SGB/2019/2/Rev.1 is in its finalization stage. The Administration has developed an enhanced version of the delegation of authority portal, which has been tested and is ready to be rolled out. It will be launched with the issuance of the revised delegation instrument once the ST/SGB/2019/2/Rev.1 is published. The enhanced portal will be instrumental in ensuring a more agile process for future updates. Consequently, this recommendation will be implemented once the new revised delegation of authority policy is issued.	Given that the revised policy is in its finalization stage, but has not been issued formally, the Board considers this recommendation to be under implementation.		X		
192	2022	A/78/5 (Vol. I), chap. II, para. 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	The Business Transformation and Accountability Division has made significant progress in the review of existing delegation of authority key performance indicators by designing a comprehensive approach consisting of mapping the administrative monitoring framework, that is, the internal controls framework identifying risks (based on the findings and recommendations of oversight bodies and the Secretariat's own	Given that the mapping of the administrative framework is a phased approach – Using Procurement pilot to develop the methodology which is being applied in the other functional areas. The Board considers this recommendation to be under implementation.		X		

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			conduct more granular and targeted analysis on the priority results of delegation of authority monitoring.	analysis formalized in the risk registers) and existing controls (not limited to Business Transformation and Accountability Division controls but applying to all existing controls and monitoring). This is an essential first step to focus delegation of authority key performance indicators on monitoring decision-making only. This mapping of the administrative framework is a phased approach, using a procurement pilot to develop the methodology that is being applied in the other functional areas.					
193	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Business Transformation and Accountability Division and the Office of Programme Planning, Finance and Budget collaborated to include in the 2023 internal control self-assessment questionnaire a new question as to whether in 2023, the respondent or his/her managers reviewed at least once every quarter the key performance indicator reports available for every delegation of authority key performance indicator in the accountability indicator monitoring section of the management dashboard. In order to provide evidence to entities for responding to the question, MDA has provided the details of the underlining data (extracted from AIM) to the Financial Policy and Internal Controls Service, which were embedded in the self-assessment questionnaire. MDA has also included this question in the "point-in-time" entity profiles, which are prepared every time a briefing with senior managers from entities takes place (including their meeting with the Under Secretary General for Management Strategy, Policy and Compliance), in order to raise the entities' awareness of this issue. In view of the inclusion of the indicator in the 2023 statement of internal control and the awareness raising through the point-in-time checks, the Administration is	Given the inclusion of the indicator in the 2023 statement of internal control and the awareness-raising through the point-in-time checks, the Board considers this recommendation to be implemented.	X			

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				requesting the closure of this recommendation.					
194	2022	A/78/5 (Vol. I), chap. II, para. 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 source.	In accordance with the recommendation, and the Secretariat's responses thus far, efforts to encourage the use of the integrated planning, monitoring and reporting solution across funding streams has taken the shape of pilots, documentation of lessons learned and dissemination thereof. The Office of the Special Advisor on Africa has documented its use of the solution and this experience is being shared with other entities that wish to use integrated planning, monitoring and reporting to manage regular budget funds. Some projects in section 33 have been selected to be part of the pilot exercise. Instructions have been sent to entities on using integrated planning, monitoring and reporting. Currently eight section 33 projects have been entered. As is clear from the evidence provided, the Secretariat has implemented this recommendation. As efforts to support the use of integrated planning, monitoring and reporting will be built into the regular functioning of the Office of Programme Planning, Finance and Budget, we would request that this recommendation be closed.	Given that section 33 projects have been entered, and efforts to support the use of integrated planning, management and reporting will be built into regular functioning of the Office of Programme Planning, Finance and Budget, the Board considers this recommendation to be implemented.	X			
195	2022	A/78/5 (Vol. I), chap. II, para. 467	The Board also recommends that the Administration make progress towards using the strategic management application module for programme planning purposes besides monitoring.	The strategic management application module is a system of record for capturing legislatively approved plans and monitoring progress against them. This should be seen as an integral part of the holistic approach to balancing delegation and accountability, which was the cornerstone of the management reform of the Secretary-General. It was designed only for that purpose, and not for collaborative online planning that would lead to the production of print-ready legislative documents, which could be another conceivable interpretation of	Given that the Controller has sent out a message to senior managers' compact focal points and strategic management application module focal points encouraging entities to use the module for comprehensive planning, the Board considers this recommendation to be implemented.	X			

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				"programme planning purposes". Therefore, in our best understanding "progress made in using the strategic management application module as a planning tool" means that we encourage entities to capture their plans with a greater degree of comprehensiveness than is required by the format of the programme plan or results-based budgeting. This was discussed with the auditors, and they had indicated that this was reasonable. Entities have been encouraged to do so, according to an email from the Controller.					
196	2022	A/78/5 (Vol. I), chap. II, para. 473	The Board recommends the Administration undertake the planned review of ST/AI/2021/3 to enhance the clarity of definition, scope, resources and evaluators and the use of evaluation results.	The Administration requests the closure of this recommendation. A review of administrative instruction ST/AI/2021/3 took place from May to June 2023. The review of the administrative instruction involved consultations with evaluation focal points, reviews of existing information and reports, such as the Office of Internal Oversight Service biennial report for 2020-2021. The review identified challenges and opportunities regarding the administrative instruction around three key themes: availability of resources to conduct evaluations, staff capacity and capabilities to implement the administrative instruction, and clarity on the frequency and type of evaluations that entities were required to conduct. The proposed changes were approved by the Evaluation Management Committee in September 2023.	Given that this has been done and the Evaluation Management Committee approved, the Board considers this recommendation to be implemented.	X			
197	2022	A/78/5 (Vol. I), chap. II, para. 476	The Board recommends that the Administration ensure that indicators in the senior managers' compact are reviewed during the meeting of the Management Performance Board at the end of 2023, taking into	During the 30 November 2023 meeting of the Management Performance Board, the Board recommended changes to compact indicators that were subsequently implemented in the 2024 compacts. The Administration is requesting the closure of this recommendation.	Two human resources indicators have been revised to better measure the progress towards improved geographical distribution and representation, and two oversight indicators have been measuring the	X			

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			consideration the findings mentioned above.		implementation of the Board's recommendations, which were revised to establish a 70 per cent target implementation rate. Additionally, the Secretary-General also endorsed the Management Performance Board's recommendation to add "combatting racial discrimination in the workplace" as a new priority area for compacts starting in 2024, reflecting the senior leadership's commitment to addressing racism and promoting dignity for all. The Board therefore considers the recommendation to be implemented.				
198	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Development Coordination Office, together with senior leadership, advocated tirelessly that Member States should fully fund the system and to do so early on in the year so as to avoid a liquidity crunch and provide financial stability in the short and medium term. As a result, Member States disbursed their funds in the early quarters of the year. The Development Coordination Office was able to mobilize $90 million in voluntary contributions in 2023, which is $21 million more than 2022 (the year with the largest funding gap).The increase in voluntary contributions mobilized in 2023 was partially due to the fact that seven donors significantly increased their share compared to their 2022 contribution (by more than 50 per cent). For the timely recovery of outstanding receivables during 2023, the Development Coordination Office took	Given that various short- and medium-term measures for ensuring adequate liquidity to finance operational requirements are being implemented, the Board considers this recommendation to be under implementation.		X		

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				measures to ensure adequate liquidity for its recurring monthly expenses by reviewing the cash collection status on a weekly basis and following up with the donors of voluntary contributions on a regular basis to ensure timely cash receipts. The same applied to agency cost-share contributions. As a result of those efforts, the outstanding receivables under agency cost-share are zero, and under voluntary contributions are $4 million, which are normally collected within the first half of the subsequent year. Due to the unpredictable nature of the levy revenue and the time-lag in collection and remittance, there is a significant amount of outstanding receivables ($52 million at the end of 2023, of which $32.8 million is related to 2023 revenue that was mostly recorded in the fourth quarter of 2023). The Development Coordination Office has been in continuous contact with the respective United Nations agencies regarding the settlement of outstanding receivables. The Office also put cost cutting measures in place to manage the liquidity positions, such as freezing recruitment for vacant positions for six months or more, suspending non-urgent travel, postponing procurement of vehicles, postponing office renovations, reducing coordination fund expenditure and so on. In addition, pursuant to the request of the Economic and Social Council in its resolution 2023/31 of 26 July 2023, regarding the continual shortfall of funding to the resident coordinator system, the Secretary-General conducted transparent and inclusive, informal consultations with Member States during the fourth quarter of 2023. That included three informal plenary consultations with all the Member States					

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				followed by consultations with the regional groups. Member States expressed overwhelming support for the work of the resident coordinator system and conveyed a clear message that the funding situation is untenable. In that connection, the Secretary-General has now submitted a report on the revised estimates (relating to the programme budget for 2024) to the Fifth Committee.					
199	2022	A/78/5 (Vol. I), chap. II, para. 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.	The guidance note on resident coordinators ad interim has been finalized. Given the above context, the Board is requested to consider closing this recommendation.	Given that the guidance note on resident coordinators ad interim has been finalized and that the Development Coordination Office has put in place measures to expand the resident coordinators pool members, the Board considers this recommendation to be implemented.	X			
200	2022	A/78/5 (Vol. I), chap. II, para. 496	The Board recommends that the Administration ensure recruitment on as wide a geographical basis as possible of the resident coordinator and resident coordinator pool members.	As at April 2024, resident coordinators come from 57 countries and territories, with 55 per cent from programme countries, and 45 per cent from non-programme countries.	Given that the geographical representation of Resident Coordinators and Resident Coordinator pool members were still highly concentrated, the Board considers this recommendation to be under implementation.		X		
201	2022	A/78/5 (Vol. I), chap. II, para. 500	The Board recommends that the Administration ensure that information on resident coordinator pool candidates is dealt with in a confidential manner.	Any information relating to resident coordinator pool members is kept confidential and is handled with full respect for its confidentiality. The service provider is contractually bound to confidentially handle candidates' personal information and this requirement has been emphasised following the Board's	Given that the Administration has put in place measures to safeguard the confidentiality of candidates' information, the Board considers this	X			

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				recommendation. Given the above context, the Board is requested to consider closing this recommendation.	recommendation to be implemented.				
202	2022	A/78/5 (Vol. I), chap. II, para. 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.	Appraising only resident coordinators and resident coordinators ad interim who have been in post at least for six months is in line with the practice of the United Nations Secretariat and the broader United Nations system. Resident coordinators ad interim who are in office for less than six months are being held accountable on a continuous basis by the Development Coordination Office regional directors, who meet with them virtually at least once per month – and usually more often, depending on the country situation. Thus, the lack of a performance appraisal does not equate to lack of accountability. Detailed guidelines have been developed to outline the performance management process for both resident coordinators and resident coordinators ad interim, regardless of the duration of their assignment. Given the above context, the Board is requested to consider closing this recommendation.	Given that detailed guidelines have been developed to outline the performance management process for both resident coordinators and resident coordinators ad interim, regardless of the duration of their assignment, the Board considers this recommendation to be implemented.	X			
203	2022	A/78/5 (Vol. I), chap. II, para. 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 implementation of the development reform initiatives.	As the United Nations Sustainable Development Group enters the third year of implementation of the management and accountability framework, and therefore the implementation has consolidated and matured, it is expected that we see more stabilization rather than improvement. In addition, while a management and accountability framework review is planned for 2024, the framework only covers aspects of how the current structure and coordination mechanism are managed and the associated reporting, but has no mandate to review the structure and coordination mechanism themselves. The	Further monitoring and evaluation are necessary to ensure the long-term sustainability and effectiveness of the accountability structure and coordination mechanism. Until a comprehensive review can confirm its full and sustained implementation, the Board considers the recommendation to be still 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
				structure and coordination mechanism were decided in General Assembly resolution 72/279 on the repositioning of the United Nations development system, and there are currently no processes planned by the General Assembly to change them. The Development Coordination Office therefore requests the Board to consider closing this recommendation.					
204	2022	A/78/5 (Vol. I), chap. II, para. 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.	The United Nations Sustainable Development Group 2024 workplan, drafted at the end of 2023, stipulates clearly which deliverables fall within the remit of the Development Group Chair, the Development Coordination Office or the Development Group Principals. As the purpose of the Development Group is to enable system-wide actions on operational activities for development, and therefore system-wide ownership, all Development Group entities are responsible for the implementation of the deliverables in the workplan. The reform checklist was finalized and circulated to the governing bodies of the Development Group entities in December 2023, and those entities are currently in the process of implementing it. The Development Coordination Office requests the Board to consider closing this recommendation.	Given the UNSDG 2024 workplan and the reform checklist were finalized and circulated, the Board considers the recommendation to be implemented.	X			
205	2022	A/78/5 (Vol. I), chap. II, para. 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 work plans and associated performance reporting.	The Department of Political and Peacebuilding Affairs will make a reference to the single regional political-operational structure shared between the Department and the Department of Peace Operations in the proposed programme budget during the next annual budget cycle. In addition, the Department of Political and Peacebuilding Affairs will strengthen reflection on the shared	Given that the reference to the single regional political-operational structure shared between the Department of Political and Peacebuilding Affairs and the Department of Peace Operations is in progress, 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
				structures and its mandates in relevant workplans and the associated performance reporting. (The programme budget plan for 2025 is currently still under preparation.)	recommendation to be under implementation.				
206	2022	A/78/5 (Vol. I), chap. II, para. 529	The Board recommends that the Administration ensure transparency and reporting on activities of this nature to relevant governing bodies.	The Administration has accepted the Board's original recommendation to ensure transparency and reporting on activities of this nature to relevant governing bodies. However, the Administration did not accept the modified wording that extends the scope of the original recommendation, requiring the Department of Political and Peacebuilding Affairs to formally report to the Security Council on voluntary contributions. The Department, in carrying out its activities, maintains strict oversight that all programming is within the framework of its mandate. As and when required by the Council, the Department has regularly reported on its activities through briefings, reports and other channels. Those briefings concern the substance of our activities and, to the Administration's understanding, are both meeting the expectations of the Council and in line with the delegated authorities of the Secretariat. In this particular case, the then-Special Representative of the Secretary-General and head of the United Nations Assistance Mission for Iraq did brief the Security Council on relevant developments. In view of the foregoing, the Administration requests closure of this recommendation.	Given the sensitivity of such cases, the Board is of the view that formal reporting needs to be made to the governing bodies to ensure transparency and considers this recommendation to be implemented.	X			
207	2022	A/78/5 (Vol. I), chap. II, para. 535	The Board recommends that the Administration explore a more active way to participate in the selection and evaluation of Standby Team of Senior Mediation Advisers based on the current regulatory framework.	The Policy and Mediation Division (Mediation Support Unit) of the Department of Political and Peacebuilding Affairs has explored possible measures to play a more active role in the selection and evaluation of Standby Team experts while adhering to the existing terms and conditions of the implementing partner modality set out in the 2014 memorandum	Given that the Administration has agreed that the Mediation Support Unit shall be invited to attend the expert identification interviews as a technical expert and the financial agreement has been revised, the	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
				of understanding between the Secretariat of the United Nations and UNOPS. Following guidance and clearance received from the Department of Operational Support in November 2023, the Policy and Mediation Division of the Department of Political and Peacebuilding Affairs and UNOPS have agreed that the Mediation Support Unit shall be invited to attend the expert identification interviews as a technical expert. This updated provision has been reflected in the 2024 financial agreement and will be put into practice for the forthcoming Standby Team expert identification process.	Board considers this recommendation to be implemented.				
208	2022	A/78/5 (Vol. I), chap. II, para. 539	The Board reiterates its previous recommendation that the Administration take more proactive measures to strengthen geographical representation and gender balance of the rosters of experts for Security Council subsidiary bodies, international electoral experts and mediation experts.	We request the closure of this recommendation since it has been overtaken by new events related to the new policy of the Secretary-General on global roster building, which aims to address the issue of gender and geographical representation in the rosters through a United Nations system-wide approach. To further strengthen gender and geographic representation with respect to mediation, the Department of Political and Peacebuilding Affairs conducted its annual review of the roster of approved Standby Team Advisers in December 2023. Following that review, the Mediation Support Unit of the Policy and Mediation Division decided to remove 14 inactive profiles from a total of 59 names from the roster. Out of a total of 45 experts that were retained, 20 (or 44%) were women experts, and 25 (or 56%) were experts from countries not in the Group of Western European and Other States. In addition, as in past years and in line with previous Board recommendations, the Policy and Mediation Division again invited all permanent missions to the United Nations in New York to encourage their nationals to apply for the 2023 Standby Team expert	Given the development of a new Secretary-General policy on global roster building, which aims to address rostering issues including gender and geographical balance within the United Nations system-wide, and considering the management's ongoing efforts to enhance the representation of women from all regional groups as well as overall geographical diversity in the sanctions roster, single electoral roster, and Standby Team Advisers roster, the Board considers this recommendation to be 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
				selection process, with an expressed preference for the nomination of women, and French and/or Arabic speakers. This was done to encourage and increase the number of candidacies from female experts and experts from under-represented countries and is documented in a note verbale of 23 June 2023. In addition, from 2023-2024, experts serving on the Team have had the following nationalities: Colombia (1), Ghana (1), Ireland (1), Kenya (1), Lebanon (1), South Africa (2), Spain (1), Türkiye (1), Uganda (1), United States (2). In 2023, 81 per cent of all assignments have been conducted by the full-time team.					
209	2022	A/78/5 (Vol. I), chap. II, para. 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.	In 2023, the number of donors contributing to the Fund increased to 36, compared to 33 in 2022. Moreover, the percentage of donors with multi-year commitments increased from 24.2 per cent in 2022 to 30.6 per cent in 2023. While 36 donor partners generously contributed $131.8 million to the Fund, contributions are well below the $330 million target and dropped by 22 per cent compared to 2022. With increased demand from Member States despite a decline in contributions, the Fund has reached its lowest liquidity level since its inception and, as a result, lowered its 2024 approvals target from $400 million to $150 million. However, the decision of the General Assembly to provide assessed contributions to the Peacebuilding Fund, starting in 2025, will help bring more predictable and sustainable resources, while an increase in voluntary funding will also remain essential. In 2023, in an effort to demonstrate the impact of the Fund's efforts to voluntary contributors, working visits by contributing Member States to country level programmes continued. The Assistant Secretary-General for	Given that the Administration has developed the mobilization plan as recommended, the Board considers this recommendation to be 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
				Peacebuilding Support, the Advisory Group and development partners visited Honduras (March 2023), the Democratic Republic of Congo (May 2023), and Mauritania (October 2023). Donor visits to countries supported by the Peacebuilding Fund will continue as needed, in line with the Peacebuilding Fund multi-year resource mobilization plan. The Administration therefore requests closure of this recommendation.					
210	2022	A/78/5 (Vol. I), chap. II, para. 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.	As per the recommendation of the Board, the targets for cross-border and transitions priority windows have been revised to 10 per cent for the cross-border priority window, and to within 5 per cent of the previous year's figure for the transitions priority window. The Peacebuilding Fund has also modified the Fund guidelines to increase the duration of cross-border programming to three years.	Given that the adjusted procedures have been established in the Peacebuilding Fund guidelines, the Board considers this recommendation to be implemented.	X			
211	2022	A/78/5 (Vol. I), chap. II, para. 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.	Two independent assessments/guidance notes have been finalized in March 2024 – on Peacebuilding Fund project performance tracking (to help bring off-track projects back on track), and on the Peacebuilding Fund catalytic effect (to clearly define and report on the catalytic effects of projects). Considering the risk-tolerant nature of the programme and the contexts in which the Peacebuilding Fund works, there will always be a certain proportion of projects that will be off track. The focus of the Peacebuilding Fund, as demonstrated earlier, is that off-track projects are monitored and are mostly brought on track within 12 months. Additionally, based on the inputs received in the final reports of 2023, the Peacebuilding Fund is currently undertaking a verification exercise on the	Given that the off-track projects have been managed under the updated Peacebuilding Fund Project Performance Tracking Guidance, the Board considers this recommendation to be 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
				amounts measured before the calculation of the Fund-wide catalytic effect can be done. The Administration therefore requests closure of this recommendation.					
212	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Office for the Coordination of Humanitarian Affairs has developed a standard template to inform the Emergency Relief Coordinator's decisions on whether to endorse or extend anticipatory action frameworks. The template has been in use since its development in March 2023. The template also ensures that the rationale for the Emergency Relief Coordinator's decision on the selection of countries for anticipatory action is well documented. The Office therefore considers this recommendation to be implemented.	Given that a standard template has been used when applying for anticipatory action frameworks, it is shown from the example provided that the rationale and background for the application are documented, and the written response from the Emergency Relief Coordinator is also available, the Board considers this recommendation to be implemented.	X			
213	2022	A/78/5 (Vol. I), chap. II, para. 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.	The requested action is in process, to be completed by the target date. The Administration will develop additional guidance for the funds on how to disclose the pre-selection criteria for reserve allocations in the form of an internal guidance note for humanitarian financing units, to complement the global guidelines.	Given that additional guidance on the disclosure of partner pre-selection criteria for reserve allocations has not been developed, the Board considers this recommendation to be under implementation.		X		
214	2022	A/78/5 (Vol. I), chap. II, para. 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	The requested action is in process, to be completed by the target date. The Administration will develop additional guidance for the funds on how to select supplementary partners outside the initial partners list for reserve allocations (including requirements to document the process) in the form of an internal guidance note for humanitarian financing units, to complement the global guidelines.	Given that additional guidance on the supplementary partner selection for reserve allocations has not been developed, 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
			process, and duly disclose any changes to the initial list of preselected partners.						
215	2022	A/78/5 (Vol. I), chap. II, para. 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.	The Administration will ensure that potential discrepancies identified by the Board are duly communicated to the project auditors in due course, in accordance with the regular auditing process.	Given that no evidence regarding communication regarding the potential discrepancies identified to project auditors has been provided, the Board considers this recommendation to be under implementation.		X		
216	2022	A/78/5 (Vol. I), chap. II, para. 588	The Board recommends 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 communications 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.	The ICT accountability framework is being established with the intention of providing United Nations ICT entities with operational freedom while ensuring central ICT control. A core facet of the framework is the mapping out of all ICT roles and responsibilities and the derived responsibilities and accountability that arise from that designation in a clear way that is periodically updated based on maturity levels in the various ICT fields. Currently, the Secretariat lacks a formal ICT designation for United Nations entities. The ICT accountability framework is designed to establish this clear designation using the framework itself as well as additional proposed tools such as the Enterprise ICT Governance Platform, which provides a centralized platform for all ICT governance materials in the Secretariat.	Given that the operational freedom and central control hadn't been clearly defined yet, the Board considers the recommendation to be under implementation.		X		
217	2022	A/78/5 (Vol. I), chap. II, para. 591	The Board recommends the Administration include a clear definition of roles and duties of the Chief	The Chief Information and Technology Office reviewed a consolidated draft of the ICT accountability framework in November 2023, and an update was	Given that the ICT AF is still pending, the Board considers the		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
			Information and Technology Officer in the ICT governance framework and accountability framework.	provided to the ICT Steering Committee at its November meeting. The working group on the accountability framework has provided additional feedback. An external consulting firm has been engaged and is advising on the overall report and specifically on mechanisms to measure accountability. The final draft of the framework draft will be returned to the Chief Information and Technology Officer for his final review before the end of April and then circulated to stakeholders for comment before an update is presented to the ICT Steering Committee in May. Key performance indicators, deliverables and a clear and effective governance and accountability framework, making clear the balance between central control and operational freedom, will be included in the report of the Secretary-General requested by the General Assembly on the ICT strategy to be presented at the seventy-ninth session.	recommendation to be under implementation.				
218	2022	A/78/5 (Vol. I), chap. II, para. 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.	The membership of the governance bodies is being renewed according to the terms of reference. The membership of the ICT technical committees (the Architecture Review Board, the ICT Policy Committee, the Information Security Board and the Technology Innovation Governance Committee) has not been renewed due to a lack of representation in the nominations by the entities of the United Nations Secretariat.	Given that, according to the minutes of the four technical committees, some of them did not hold a meeting in 2023, the Board considers the recommendation to be under implementation.		X		
219	2022	A/78/5 (Vol. I), chap. II, para. 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	The following specific areas have been identified as needing to be accountable to a central governance function, tools and mechanisms to monitor performance have been, or are in the process of being, deployed as part of global initiatives: (a) information security awareness training, and proactive simulation	Given that there is no significant improvement about the ICT security, the Board considers the 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
			cybersecurity initiatives to increase visibility of and strengthen ICT security.	exercises; (b) response to security advisories that require, for example, deployment for security updates; (c) compliance with access control procedures; (d) network segmentation; (e) security incident reporting and response; (f) proactive vulnerability management; and (g) comprehensive deployment and operation of the threat-hunting solution.					
220	2022	A/78/5 (Vol. I), chap. II, para. 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.	The network segmentation project was completed in January 2024.	Given that supporting documents were provided in April 2024, the Board considers this recommendation to be implemented.	X			
		Total			**220**	**88**	**115**	**0**	**17**
		Percentage			**100**	**40**	**52**	**0**	**8**

Annex II

Status of implementation of recommendations up to the financial year ended 31 December 2021 on the Umoja system

						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	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 Administration notes that, during the Umoja Benefits Working Group meeting in September 2022, the Group agreed not to track benefits from previous Umoja deployments. This decision was taken because of there being a lack of meaningful data and a baseline for measurement; limited added value to be gained from this exercise; diversion of resources currently used for Umoja enhancement and support; and the potential need for additional resources to initiate that task. The relevant supporting documents were provided to the Board. The Administration considers this recommendation to have been overtaken by events and requests its closure by the Board.	Given the supporting meeting notes, the Board considers the recommendation to be overtaken by events.				X
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 completed the clean-up activity of 58 cases with negative home leave balances. In addition, a solution was successfully implemented on 14 April 2023 in Umoja that prevents negative home leave points going forward. The Administration considers this recommendation to have been implemented and requests its closure by the Board.	Given that the clean-up has been completed, the Board considers the recommendation to be 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
3	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 to the extent possible in order to minimize the exceptions for which the execution of an ad hoc payment proposal may be required. A summary of the log files available has been provided as supporting documentation.	Given the lack of data and cases demonstrating the difference before and after the automated main payment proposal, the Board is unable to determine how effective it is compared to the past. Therefore, the Board would like to be provided with cases illustrating that ad hoc payment scenarios have been reduced or eliminated. Therefore, the Board considers the recommendation to be under implementation.		X		
4	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 continues to review cases of vendors that share the same bank details. Each case is investigated to determine whether the sharing of bank details is legitimate. If it is not legitimate, the vendor is blocked in Umoja, which prevents further transactions. The results of the analysis and the actions taken have been documented. The review process is time-consuming and labour-intensive and consequently progress is slow due to competing priorities and the limited resources available.	Given that action is under way, the Board considers the recommendation to be under implementation.		X		
5	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 an internal control mechanism in place that ensures cutoff of user access to the Umoja system upon deactivation of the Unite ID at the time of staff separation. The relevant supporting documents have been provided to the Board.	Given that action is under way, the Board considers the 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
				The Administration considers the recommendation to have been fully implemented and requests its closure.					
6	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 has developed a methodology to measure learning impact and has used it with the Human Resources Partner e-certification training programme – the most comprehensive recent Umoja-related learning offering. A copy of this report has been provided to the Board. The Administration considers the recommendation to have been fully implemented and requests its closure by the Board.	Given that a methodology to measure learning impact has been developed, the Board considers the recommendation to be implemented.	X			
7	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 published, on 30 April 2024, the updated Umoja Production Support Manual (SOP) after extensive review and consultation with stakeholders. The SOP includes a prescribed first level resolution rate calculated on the basis of service requests and a prescribed overall resolution rate for all service requests received to assess the performance of production support. The relevant supporting documents have been provided to the Board. The Administration considers the recommendation to have been fully implemented and requests its closure by the Board.	Given that the updated Umoja Production Support Manual (SOP) has been published, the Board considers the recommendation to be implemented.	X			
8	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 successfully concluded the continuous improvement monitoring programme in 2019. The workflows monitored had mostly reached their peak efficiency as reported in paragraphs 91–92 of A/74/478. Following the conclusion of the continuous improvement monitoring programme activities, the lessons learned were	Given that the continuous improvement monitoring programme activities have been concluded, the Board considers the recommendation to be 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*
				used for the formulation of the framework of the Benefits Working Group, established in December 2020. A robust change governance framework was established to track ongoing continuous improvements and related benefits. Benefits are reported upon by the Benefits Working Group. The Administration considers this recommendation to have been implemented and requests its closure by the Board.					
9	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 has finalized the analysis of a cross-cutting Umoja learning needs assessment survey, the results of which will guide Umoja Learning priorities and approaches from mid-2023 onwards. The assessment will include results on the utility of the forum modality within iLearn Umoja. The executive summary of the report and a two-page companion document have been published on the CDOTS site. The Administration considers this recommendation to have been implemented and requests its closure by the Board.	Given that the executive summary of the report and a two-page companion document have been published, the Board considers the recommendation to be implemented.	X			
10	2020	A/76/131, para. 182	The Board recommended that the Administration reflect the updated quantitative benefits in the next progress report.	The Administration notes that during the Umoja Steering Committee meeting in December 2020, the Committee endorsed the benefits realization plan that includes transferring responsibility for monitoring and tracking of Umoja benefits to the Business Transformation and Accountability Division. The benefits previously realized through the implementation of the Foundation and Umoja Extension 1 solution have been fully absorbed within the Umoja system	In view of the supporting documents provided, the Board considers the recommendation to be 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
				and any future benefits that would arise from the implementation of the Umoja Extension 2 solutions, as well as from continuous improvements, will 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, and not through the progress report of the Secretary-General on the functioning and development of the Umoja system. The relevant supporting documents have been provided to the Board. The Administration considers this recommendation to have been overtaken by events and requests its closure by the Board.					
11	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 rolled out a common standard project management tool in 2023 and it has since been used for all major projects: the Umoja EhP8 upgrade and Umoja Analytics. The tool provides clear documentation of scheduled dates, actual completion dates and critical paths as required. The relevant supporting documents were provided to the Board. The Administration considers this recommendation to have been implemented and requests its closure by the Board.	Given that a common standard project management tool was rolled out in 2023 and has since been used for all major projects, the Board considers the recommendation to be implemented.	X			
12	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	The Administration has restarted and will continue to conduct user satisfaction surveys for the Umoja Extension 2 solutions to identify areas for improvement and further optimization in order to drive user	Given that action is under way, the Board considers the 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
			optimization in order to drive user adoption.	adoption. The latest survey has been drafted and will be sent out in the second quarter of 2024.					
13	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 Administration implemented a new interface in March 2023 between Umoja and Inspira to address the data quality issues that were identified by the board during its last audit. This interface is based on a Simple Object Access Protocol (SOAP) based web service to ensure increased interoperability between systems. The business requirement “4000000092 - Integration of Unite Visa Tool with HR” included the Inspira interface requirements. The Administration considers this recommendation to have been implemented and requests its closure by the Board.	Given that the new interface was implemented, the Board considers the recommendation to be implemented.	X			
14	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 Administration is continuing the process of updating the affected grants. However, due to other critical deliverables taking priority, the remaining updates are now expected to be actioned and completed by December 2024.	Given that action is under way, the Board considers the recommendation to be under implementation.		X		
15	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 successfully completed the migration of certified data models to Umoja Analytics on schedule on 31 December 2023. A total of 327 models across various business areas have been migrated, as prioritized by functional sub-groups. The overall objective of certifying and integrating vital and high-usage data models into the Umoja data catalogue has been achieved. The number of models is less than the 400 anticipated due to some no longer being used and others having their	Given that Umoja BI has been transformed into Umoja Analytics, and many certified data models have been transferred to Umoja Analytics, the Board would like to know how the Enterprise Resource Planning Solution Division is to keep the data model in Umoja Analytics standardized, prior to taking a decision as to whether or not this		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*
				data merged, which has resulted in fewer but more robust models. Umoja BI has been transformed into Umoja Analytics. This shift will improve decision-making, providing the Organization with data-driven insights from advanced analytics to empower better decision-making at all levels. It will also enhance efficiency, providing real-time access to information to help streamline operations and improve resource allocation. The use of Umoja Analytics will also increase agility, improving forecasting and scenario planning that will enable the Organization to swiftly adapt to changing conditions. Changes to Umoja Analytics data models are managed through established governance processes and solutions (such as the SAP Solution Manager). These are the same governance processes in place that manage and ensure the integrity and standardization of Umoja configurations and enhancements. Requests for changes to data models are submitted by business teams and validated by the Enterprise Resource Planning Solution Division functional and analytics teams to ensure that requirements are valid and implemented in accordance with the respective standards. Through configured workflows in the SAP Solution Manager, changes are transported and tested through non-production environments and, when successfully confirmed, are transported to the Production environment in accordance with agreed schedules.	recommendation has been implemented. The Board therefore considers the recommendation to be under implementation.				

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				The relevant supporting documents have been provided to the Board. The Administration considers the recommendation to have been fully implemented and requests its closure.					
16	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 Administration has published, on 30 April 2024, the updated Umoja Production Support Manual (SOP) after extensive review and consultation with stakeholders. The Manual includes a documented oversight, monitoring and reporting mechanism to address service requests as required by the service-level agreement. The relevant supporting documents have been provided to the Board. The Administration considers the recommendation to have been fully implemented and requests its closure by the Board.	Given that the updated Umoja Production Support Manual (SOP) has been published, the Board considers the recommendation to be implemented.	X			
17	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 Administration continues to estimate, monitor and report on the total cost of ownership up to 2030. The current estimated amount of the total cost of ownership reflects the total cost of Umoja during its lifecycle, which includes any known and anticipated future technology upgrades. The relevant supporting documents have been provided to the Board. The Administration considers this recommendation to have been implemented and requests its closure by the Board.	Given that the new information related to total cost of ownership, including the estimated cost of the technology upgrades, were provided, the Board considers the recommendation to be implemented.	X			
		Total			**17**	**8**	**6**	**0**	**3**
		Percentage			**100**	**47**	**35**	**0**	**18**

Annex III

Status of implementation of recommendations up to the financial year ended 31 December 2020 on the information and communications technology affairs

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2012	A/67/651, para. 31	The Board recommended that, in order to enable greater consistency and transparency with regard to ICT funding and budgets and allow better management of costs and effective prioritization, the Controller require that proposed ICT budgets set out: (a) the cost of running day-to-day services; (b) the cost of licences and maintenance costs for existing systems; (c) costs related to upgrading existing service delivery (e.g. to improve security); and (d) new costs, including strategic requirements.	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 ICT budgets of entities.	Given that no further supporting documents have been provided, 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.	Consultations were held with all United Nations Secretariat entities on the draft Secretary-General's bulletin on ICT governance. The issuance process is expected to be completed in 2024. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that the administration issuance process has not been completed, the Board considers this recommendation to be under implementation.		X		
3	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.	ST/SGB/2024/3 was promulgated on 13 March 2024. The Office of Information and Communications Technology will provide a quarterly update on the revision of the technical policies and guidance. The policy revision is an ongoing process. The Administration considers this	Given that the Secretary-General's bulletin ST/SGB/2024/3 has been promulgated, the Board considers this recommendation to be implemented.	X			

						Status after verification			
No.	*Publication year of audit report*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
				recommendation to be implemented and requests its closure by the Board.					
4	2017	A/72/151, para. 106	The Board recommended that a clear road map be developed to realize cost optimization benefits through global sourcing.	Global sourcing opens the Organization to international trade and all Member States, thereby allowing access to new suppliers and a broader market, with the potential to reduce costs and increase the variety of offerings in the global marketplace. Competitive bidding for large-scale Secretariat-wide requirements represents the most effective means to realise cost optimization. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that the category management strategy is still under development, the Board considers this recommendation to be overtaken by events.				X
5	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 category management initiative has been fully implemented. Category managers were assigned for all seven ICT areas and one intelligence, surveillance and reconnaissance area. The list of category managers and contact managers is available online. The Office of Information and Communications Technology is requesting the closure of the recommendation.	Given the information provided by the administration, the Board considers this recommendation to be implemented.	X			
6	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 dashboard on the annual review and self-assessment of websites and applications is available. The Office of Information and Communications Technology is requesting the closure of the recommendation.	Given that the information provided by the administration, the Board considers this recommendation to be implemented.	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
7	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 Administration continues its work on comprehensive mapping of the functions, roles and responsibilities of the divisions, sections and services within the Office of Information and Communications Technology under the realignment, optimization and integration exercise.	Given that the final review is still in process and no further supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
8	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 Office of Information and Communications Technology has established a working group for the development of the Secretariat ICT accountability framework in November 2022. Since then, the working group has held numerous meetings and bilateral consultations with the aim of drafting the initial version of the framework to be approved by the ICT Steering Committee. Additionally, there is an official United Nations policy to highlight the adoption of the framework as a governance tool throughout the Secretariat.	Given that discussion of the draft is in process and no further supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
9	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 administration considers this recommendation to be implemented and requests its closure. Supporting documentation, namely the standard operating procedures for the Enterprise Service Desk, was shared in an email of 3 June 2024.	Given the information provided by the administration, the Board considers this recommendation to be implemented.	X			
10	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	The Secretary-General's bulletin ST/SGB/2024/3 has been promulgated. The administration requests that this recommendation be closed.	Given that the Secretary-General's bulletin ST/SGB/2024/3 has been promulgated, the Board considers this	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			Executives Board for Coordination.		recommendation to be implemented.				
11	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 pilot data catalogue has been implemented and is fully functional and is available now. Using recently procured software, the Office of Information and Communications Technology has additionally started working on an upgrade to enhance the pilot data catalogue based on an industry standard platform and integrate it with the data architecture. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that the pilot data catalogue is now available through the link provided, the Board considers this recommendation to be implemented.	X			
12	2020	A/75/156, para. 226	The Board recommended that the Office of Information and Communications Technology take the necessary steps, in consultation with the Office of Supply Chain Management, to draw up a timeline and complete the revised solicitation process and award of contract for ICT services.	The Procurement Division completed the solicitation process, which was reviewed by the Headquarters Committee on Contracts. Upon approval by the Assistant Secretary-General for Supply Chain Management of the recommendation from the Headquarters Committee on Contracts through HCC/23/57, the United Nations awarded three contracts to the following vendors: Trigyn Technologies Inc. (contract PD/C0246/23); a consortium composed of NTT Data Spain, S.L., Madrid, succursale de Genève and CTG Global Managed Services DMCC (contract PD/C0247/23); and a consortium composed of XML Ltd and A.R. Factor Group - Projects Management and Consulting Ltd (contract PD/C0248/23). The Office of Information and	Given that the three new ICT professional services contracts have been approved and awarded, the Board considers this recommendation to be implemented.	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	*Status after verification*			
						Implemented	Under implementation	Not implemented	Overtaken by events
				Communications Technology requests that this recommendation be closed.					
13	2020	A/75/156, para. 227	The Board recommended that the Office of Information and Communications Technology prepare detailed transition plans for each of the global sourcing projects for smooth onboarding of the new service providers.	The Procurement Division also provided standard operating procedures for the proper use of the three new ICT professional services contracts. Moreover, the Office of Information and Communications Technology, together with the United Nations Global Service Centre, established a working group to monitor the transition and respond to any queries until the transition is finalized by the end of June 2024. The Administration requests that this recommendation be closed.	Given that the three new ICT professional services contracts have been awarded and operational guidance has been issued, the Board considers this recommendation implemented.	X			
	Total				**13**	**8**	**4**	**0**	**1**
	Percentage				**100**	**61**	**31**	**0**	**8**

Annex IV

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 introducing appropriate governance mechanisms to determine the use that can be made of such savings, including specific consideration of returning savings to Member States.	The partial award with respect to the second phase of the arbitration was issued in April 2024. Pursuant to that partial award, the total liability of the United Nations for the second phase ranges from approximately $5.1 million to $5.75 million, depending on the amount (to be determined) that the United Nations has already paid the capital master plan contractor for its 16.512 per cent contractual mark-up for the change work that was considered by the arbitral tribunal to have been performed and not yet paid for. That amount is yet to be confirmed. The second phase partial award is still under review and finalization. The Administration will continue to report on the status of the case annually until it is finalized.	Given that the partial award with respect to the second phase is still under review and finalization, the Board considers this recommendation to be under implementation.		X		
	Total				**1**	**0**	**1**	**0**	**0**
	Percentage				**100**	**0**	**100**	**0**	**0**

Chapter III
Certification of the financial statements

Letter dated 31 March 2024 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 2023 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 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 2023

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 2023.

2. The financial situation of the Organization is presented in five 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. Two active peacekeeping missions, namely, the United Nations Military Observer Group in India and Pakistan and the United Nations Truce Supervision Organization, funded through the regular budget, are consolidated as part of these financial statements. 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, the United Nations Environment Programme 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. In June 2022, the General Assembly, in its resolution 76/272, decided to increase the Working Capital Fund by $100 million as from January 2023 through the retention of credits due to Member States against their 2023 assessment for the regular budget. The year 2023 also started with a healthy regular budget cash balance of some $700 million, including the liquidity reserves.

9. The healthy cash balance, including the increase in liquidity reserves, supported an optimistic outlook for the liquidity situation in 2023. However, the improved liquidity experienced in 2022 was short-lived, given that collection patterns once again began to trail estimates. Relative to collection estimates, an $18 million deficit at the end of the first quarter grew into a $69 million deficit at the end of the second quarter, $216 million at the end of the third quarter and ended the year $529 million short. The collection of only 82.3 per cent, compared with the year's assessment, was the lowest in the past five years. In fact, cumulative collections trailed estimates throughout the year except at the end of November; cumulative collections were also at the lowest levels in the past five years at the end of each quarter.

10. As the liquidity situation continued to reflect a deteriorating trend, it became necessary to impose hiring and spending restrictions as from July and September, respectively. Notwithstanding those measures, the regular budget cash was exhausted in August, forcing borrowing of $250 million from the Working Capital Fund. The entire balance of $216.5 million in the Special Account was also borrowed in October. A short-lived improvement in collections early in November allowed for the return of $100 million to the Special Account by the end of November, only to see the borrowing of the $100 million again on 20 December to avoid defaulting on December payroll. For the November payroll, a planned borrowing from the surplus cash of closed Tribunals was averted owing to last-minute collections.

11. The positive trend of declining year-end arrears experienced over the previous two years was reversed, with year-end arrears reaching an alarming new record of $859 million. The regular budget cash was fully exhausted and even the liquidity reserves were depleted significantly, leaving barely $67 million to start 2024.

12. While 2023 started with a cash surplus and total cash of nearly $700 million, 2024 started with a large cash deficit and total cash of barely $67 million. This situation implies that the 2024 budget implementation is likely to experience significant disruptions, given that stringent cash conservation measures will likely be needed to avoid defaulting on payments in 2024.

13. Whereas the increase in the Working Capital Fund by $100 million provided additional relief in the second half of the year when extensive borrowing from the reserves became a necessity, the increased level of the reserves came alarmingly close to being fully exhausted as the arrears reached a new record of $859 million by the end of December 2023. Nevertheless, the increased level of the Working Capital Fund did avert the need to borrow from the closed tribunals in December 2023 and mitigated the risk of exhausting all the regular budget reserves and the cash from the closed tribunals. Had the Working Capital Fund not been increased by $100 million, it is likely that additional cash conservation would have been required, to the detriment of programme delivery in 2023.

14. 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 3.1 (2022: 3.3) and the ratio of current assets to current liabilities was 3.5 (2022: 3.3). The liquidity ratios maintained almost the same level as 2022. The liquidity of the regular budget

and related funds remained alarmingly low and reached a low figure at the end of 2023. This was due to the outstanding assessed contributions receivable from Member States of $652.4 million (2022: $124.0 million). This is reflected in the ratio of cash assets to current liabilities of 0.1 (2022: 1.0) and the ratio of current assets to current liabilities remained at 1.2 (2022: 1.0).

Table IV.1
Liquidity ratio by fund group
(Millions of United States dollars)

	31 December 2023					*31 December 2022*	
	Cash assets[a]	*Total current assets*	*Current liabilities*	*Cash assets to current liabilities*	*Current ratio*	*Cash assets to current liabilities*	*Current ratio*
Fund group	*A*	*B*	*C*	*A/C*	*B/C*		
Regular budget and related funds	93.3	834.4	684.2	0.1	1.2	1.0	1.0
Trust funds	2 816.7	3 483.0	390.9	7.2	8.9	7.9	9.7
Capital assets and construction in progress	191.3	156.0	55.7	3.4	2.8	5.7	4.2
Common support services	729.5	645.6	36.3	20.1	17.8	12.1	10.7
Long-term employee benefits	451.7	357.9	172.2	2.6	2.1	2.3	1.7
Insurance/workers' compensation	976.3	708.8	186.2	5.2	3.8	5.0	3.4
Other	371.5	297.4	320.6	1.2	0.9	1.2	0.8
Consolidated total[b]	**5 630.2**	**6 478.9**	**1 842.1**	**3.1**	**3.5**	**3.3**	**3.3**

[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

15. Total assets increased by $40.2 million (0.3 per cent) during 2023, from $11,662.8 million to $11,703.1 million. The slight increase was due mainly to the net effect of increases in assessed contributions receivable of $528.4 million, offset by a decrease in cash and investments of $218.6 million, voluntary contributions receivable of $118.1 million and other assets of $179.4 million. The changes in categories of assets are shown in table IV.2.

Table IV.2
Changes in assets
(Millions of United States dollars)

	2023	*2022*	*Change*	*Percentage change*
Cash and investments	5 630.2	5 848.8	(218.6)	(3.7)
Assessed contributions receivable	652.4	124.0	528.4	426.1
Voluntary contributions receivable	1 825.8	1 943.9	(118.1)	(6.1)
Property, plant and equipment	3 028.6	3 004.8	23.8	0.8
Inventories	34.8	33.2	1.6	4.8

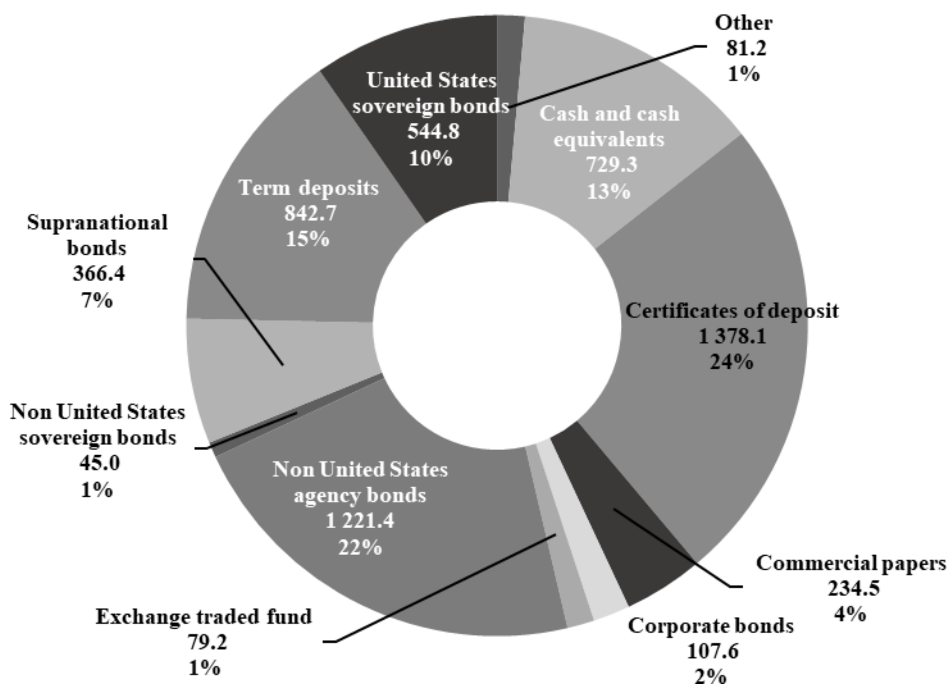
	2023	2022	Change	Percentage change
Intangible assets	147.2	144.7	2.5	1.7
Other assets[a]	384.1	563.4	(179.4)	(31.8)
Total assets	**11 703.1**	**11 662.8**	**40.2**	**0.3**

[a] Other assets of $239.4 million, other receivables of $136.2 million and share of joint ventures of $8.5 million (2022: other assets of $382.1 million, other receivables of $173.8 million and share of joint ventures of $7.5 million).

Cash and investments

16. As at 31 December 2023, the Organization held cash and investments of $5,630.2 million (2022: $5,848.8 million). Cash and investments were the largest asset group, representing 48.1 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).

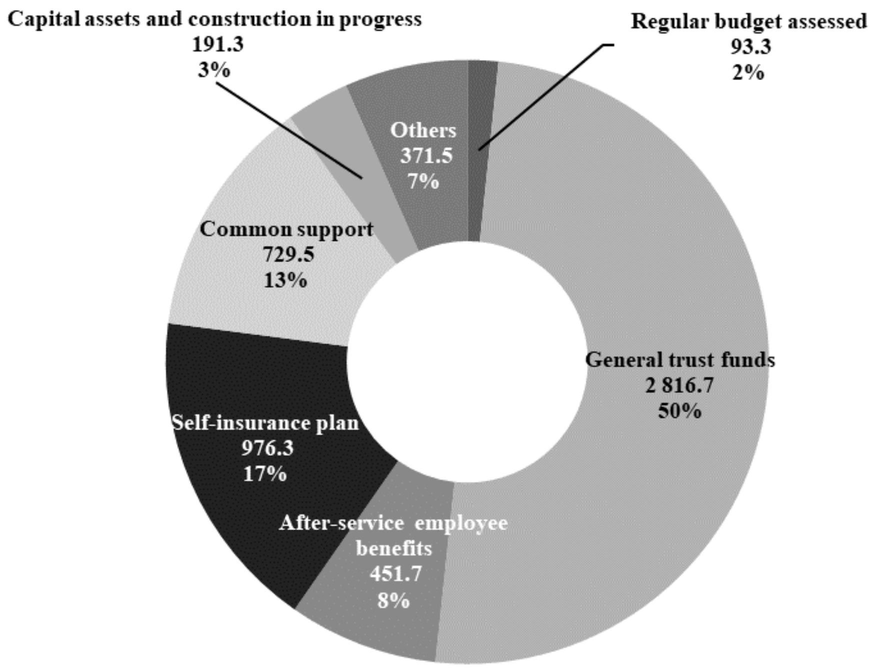
Figure IV.I
Cash and investments, by instrument type
(Millions of United States dollars)



17. In 2023, the investment gain from cash pools and United Nations Staff Mutual Insurance Society against Sickness and Accidents investments was $244.8 million (2022: $1.4 million; net investment loss). The realized rate of return in the main pool was 4.22 per cent (2022: 1.57 per cent). The increase in the realized rate of return between 2022 and 2023 was due to new and maturing funds being invested or reinvested in 2023 in the higher interest rate environment as the Federal Reserve continued to raise the target policy interest rate range several times during the year in response to inflation, which remained above the Federal Reserve's target. The portfolio invests in highly rated (high credit ratings) fixed-income and money market instruments, as well as the equity position for the United Nations Staff Mutual Insurance Society against Sickness and Accidents.

18. The trust funds group accounted for 50.0 per cent of the cash pools, while 17.3 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)



19. Outstanding assessed contributions receivable as at 31 December 2023 were $652.4 million ($883.0 million net of loss allowance of $230.6 million; 2022: $124.0 million). Assessed contributions receivable increased from the prior year by $528.4 million (426 per cent increase), as shown in table IV.3 below.

Table IV.3
Assessed contributions: receivables from non-exchange transactions
(Millions of United States dollars)

	2023	*2022*	*Change*	*Percentage change*
Assessed contributions receivable	883.0	353.7	529.3	149.6
Loss allowance on assessed contributions receivable	(230.6)	(229.7)	(0.9)	0.4
Assessed contributions receivable, net	**652.4**	**124.0**	**528.4**	**426.1**

Voluntary contributions receivable

20. Voluntary contributions receivable as at 31 December 2023 amounted to $1,825.8 million (2022: $1,943.9 million), a decrease of 6.1 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.

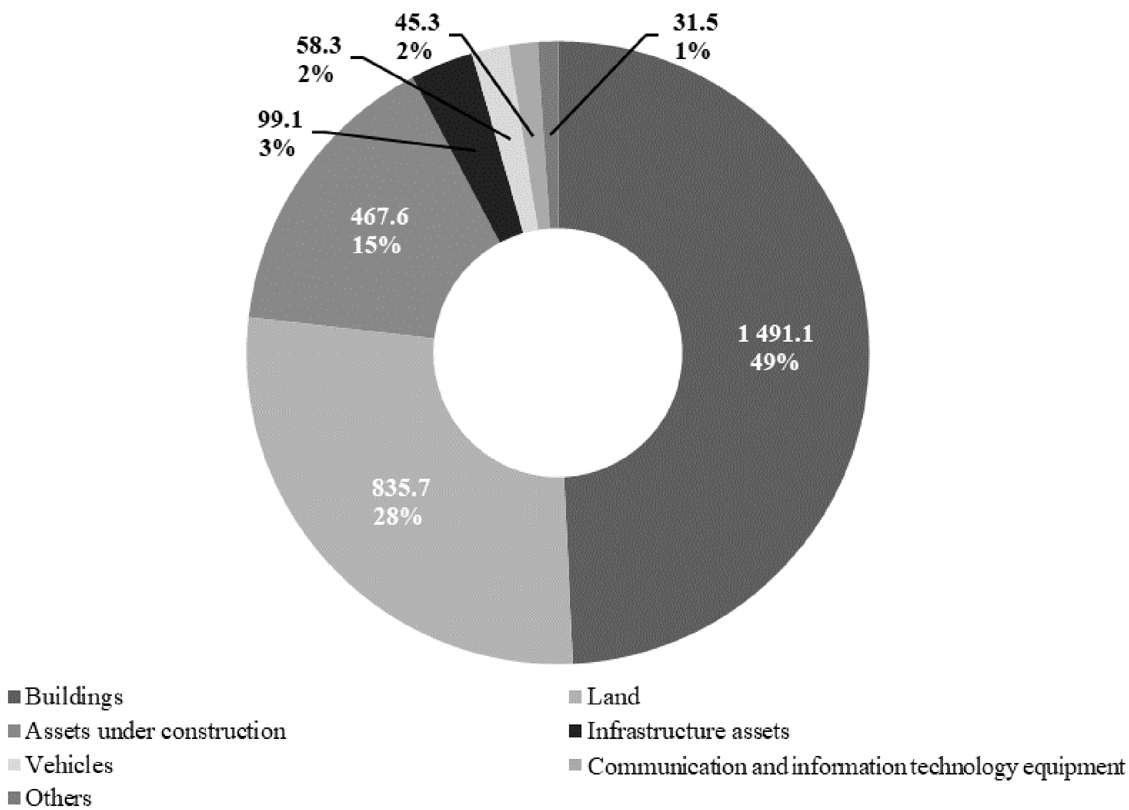
21. Voluntary contributions receivables were related mainly to human rights and humanitarian affairs projects ($1,201.2 million, or 65.8 per cent), which comprised

mainly the receivables of the Central Emergency Response Fund ($441.4 million) and the Office for the Coordination of Humanitarian Affairs ($594.9 million).

Property, plant and equipment

22. The carrying value of property, plant and equipment was $3,028.6 million at the end of 2023 (2022: $3,004.8 million), with the largest asset category (buildings) representing 49 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)



23. Buildings comprise in large part those located at United Nations Headquarters in New York, the United Nations Office at Geneva and the United Nations Assistance Mission in Afghanistan, valued at $974.5 million, $225.1 million and $77.9 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 23.6 per cent, which amounted to $46.5 million.

24. 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 (ECA) and at the United Nations Office at Nairobi is not recognized, given it is not deemed to be under the control of the Organization.

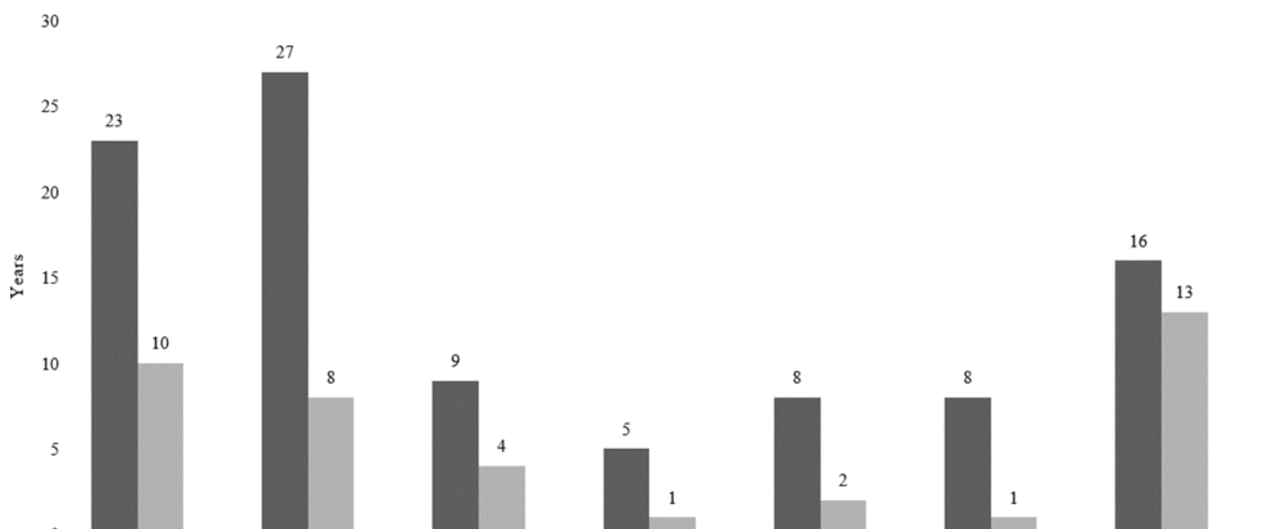
25. A summary of major additions during the year and the balances as at 31 December 2023 for assets under construction is presented in table IV.4.

Table IV.4
Assets under construction: major additions
(Millions of United States dollars)

Project	*Additions in 2023*	*Construction in progress as at 31 December 2023*
United Nations Office at Geneva – strategic heritage plan	65.4	367.6
Economic Commission for Africa – Africa Hall	10.7	23.4
United Nations Office at Nairobi – buildings A–J and other works	10.0	22.3
Economic and Social Commission for Asia and the Pacific – seismic mitigation	8.2	21.9
Economic Commission for Latin America and the Caribbean – North Building Renovations	4.0	4.1
Economic and Social Commission for Western Asia – building repairs	1.1	2.3
Department of Operational Support – DC1 building vacate projects	0.7	2.0

26. The average remaining years of useful life as at the end of 2023 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, and furniture are less than or equal to two years and the fully depreciated assets in those categories were 66, 54 and 18 per cent, respectively.

Figure IV.IV
Remaining average 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	23	27	9	5	8	8	16
■ Remaining	10	8	4	1	2	1	13
Percentage	43	30	44	20	25	13	81

Liabilities

27. Total liabilities increased by $558.7 million (8.0 per cent) during 2023, from $6,953.6 million to $7,512.3 million. The most notable change was an increase in employee benefits liabilities by $476.5 million (see para. 29). Employee benefits liabilities accounted for 73.1 per cent of total liabilities. Table IV.5 shows the changes in liabilities.

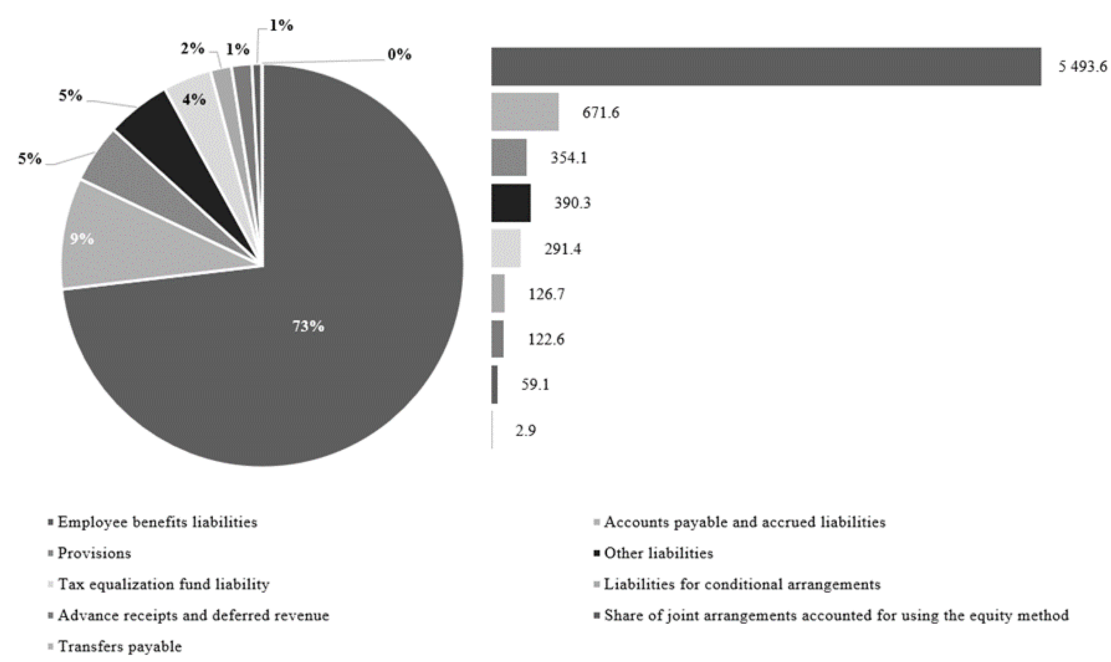
Table IV.5
Changes in liabilities
(Millions of United States dollars)

	2023	*2022*	*Change*	*Percentage change*
Employee benefits liabilities	5 493.6	5 017.1	476.5	9.5
Accounts payable and accrued liabilities	671.6	529.6	142.0	26.8
Provisions	354.1	491.9	(137.8)	(28.0)
Tax equalization fund liability	291.4	250.2	41.2	16.5
Liabilities for conditional arrangements	126.7	136.3	(9.6)	(7.0)
Advance receipts and deferred revenue	122.6	129.5	(6.9)	(5.3)
Other liabilities[a]	452.3	399.0	53.3	13.4
Total liabilities	**7 512.3**	**6 953.6**	**558.7**	**8.0**

[a] Share of joint venture of $59.1 million, transfers payable of $2.9 million and other liabilities of $390.3 million (2022: share of joint venture of $66.0 million, transfers payable of $1.4 million and other liabilities of $331.6 million).

28. Figure IV.V presents the composition of the liabilities as at 31 December 2023.

Figure IV.V
Liabilities as at 31 December 2023
(Millions of United States dollars and percentage)

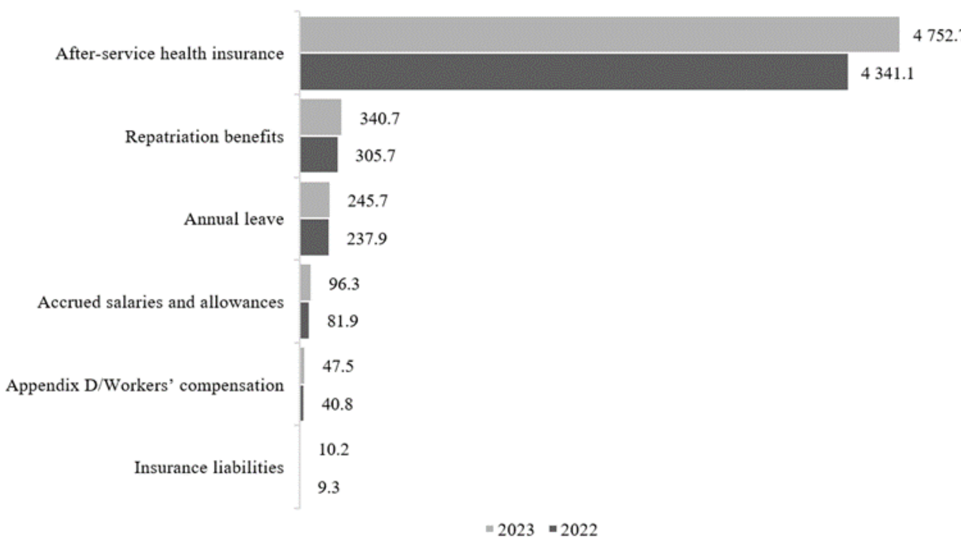


Employee benefits liabilities

29. Total employee benefits liabilities increased by $476.5 million in 2023, including an increase in actuarially valued defined benefit liabilities of $454.4 million. The changes in employee benefits liabilities by type are shown in figure IV.VI. The increase in the after-service health insurance liability is attributable to a decrease in the discount rates used for actuarial valuation (2023: 4.1 per cent; 2022: 4.37 per cent), as well as an increase in health-care costs, offset in part by gains from changes in demographic assumptions, including gains from staff turnover and enrolment of retirees in the United States of America Medicare programme.

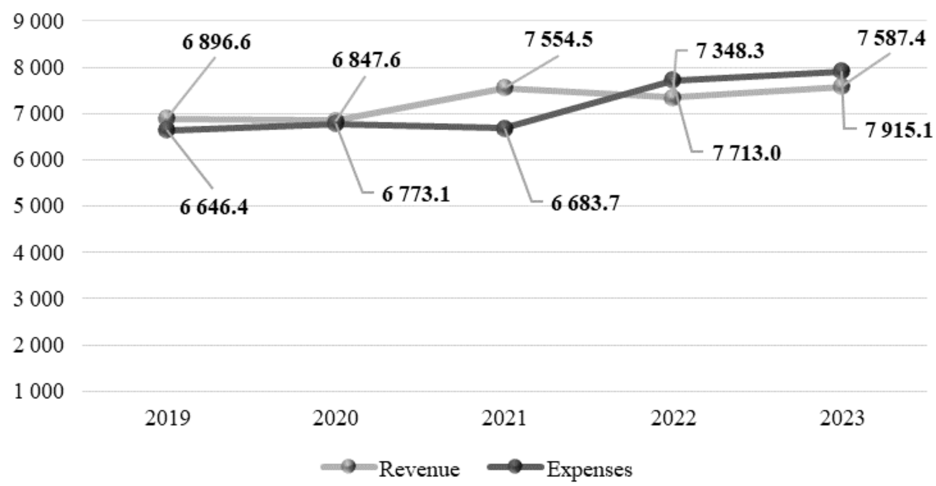
30. Defined benefits liabilities of the regular budget ($4,176.3 million in total) remain unfunded, and the pay-as-you-go approach continues at the present time, posing a long-term risk. The costs of the after-service health insurance benefits, as shared by the Organization and the staff, have increased considerably since the inception of the programme in 1967, fuelled by an expanding population of retired participants, changes in demographics, changing life expectancy and the increased cost of health-care 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 2023 was $250.9 million (2022: $189.8 million), which represented 25.7 per cent (2022: 20.7 per cent) of the relevant liabilities.

Figure IV.VI
Employee benefits liabilities
(Millions of United States dollars)



E. Overview of financial performance

Figure IV.VII
Total revenue and expenses, 2019–2023
(Millions of United States dollars)



Revenue

31. Total revenue for 2023 was $7,587.4 million (2022: $7,348.3 million), an increase of $239.1 million, or 3.3 per cent, compared with the prior year. The following increases in revenue were noted: assessed contributions by $147.0 million; contributions for self-insurance funds by $18.2 million; other revenue by $90.9 million; other transfers and allocations by $4.9 million; and investment revenue by $251.7 million (see para. 17 above). Those increases were offset by a decrease in voluntary contributions of $273.6 million (see table IV.6). The decline in voluntary contribution revenue can be attributed primarily to the multi-year contributions received by the Central Emergency Response Fund in prior years. In accordance with the International Public Sector Accounting Standards (IPSAS), revenue from such unconditional multi-year contribution arrangements is recognized upon signature of an agreement, while the implementation of activities normally occurs in subsequent years. This has contributed to the net deficit result for the Organization for the current fiscal year.

Table IV.6
Changes in revenue by nature
(Millions of United States dollars and percentage)

	2023	*2022*	*Change*	*Percentage change*
Assessed contributions	3 278.2	3 131.2	147.0	4.7
Voluntary contributions	3 112.0	3 385.6	(273.6)	(8.1)
Contribution to self-insurance	495.4	477.2	18.2	3.8
Other revenue	315.1	224.2	90.9	40.5
Other transfers and allocations	132.5	127.6	4.9	3.8
Investment revenue	254.2	2.5	251.7	10 068.0
Total revenue	**7 587.4**	**7 348.3**	**239.1**	**3.3**

32. 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)

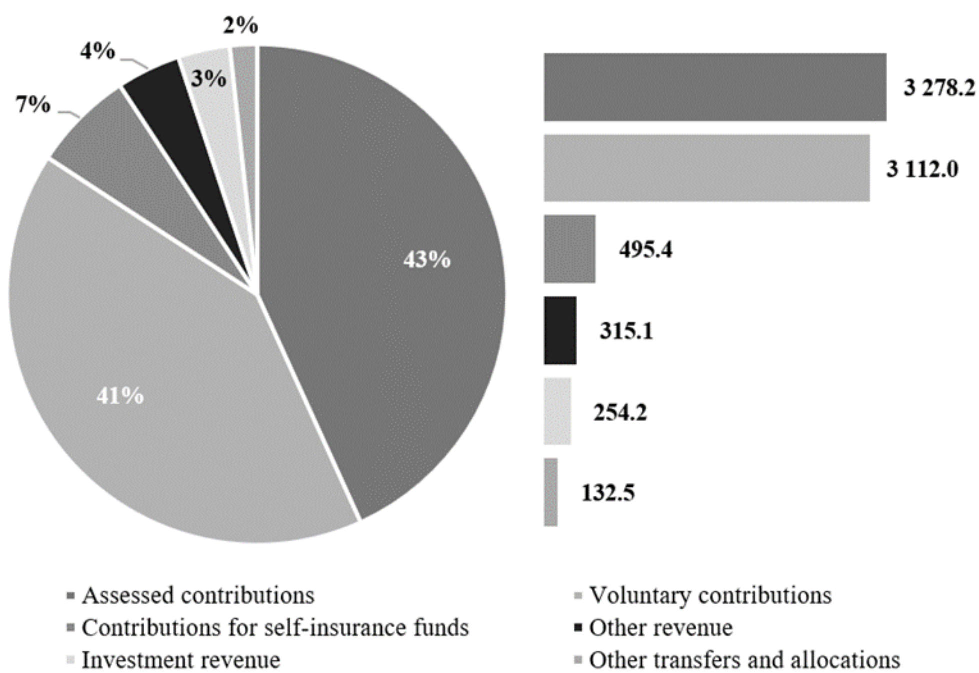
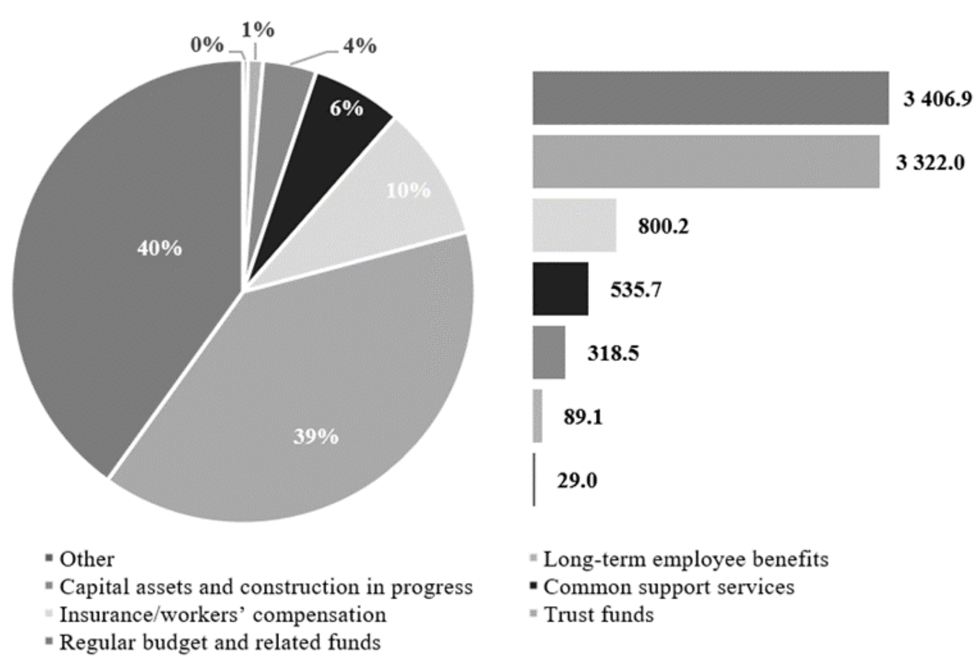


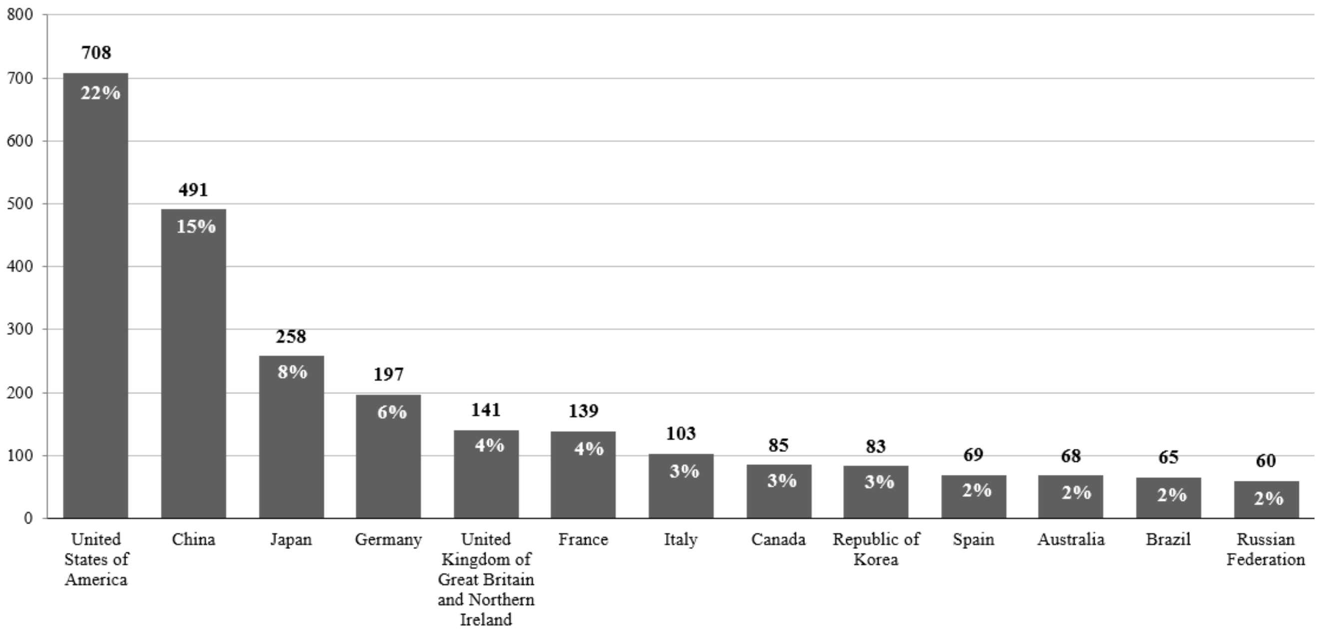
Figure IV.IX
Revenue by segment[a]
(Millions of United States dollars and percentage)



[a] The figures above do not include inter-segment elimination revenue of $914.0 million.

33. Assessed contributions revenue of $3,278.2 million in 2023 was $147 million (4.7 per cent) higher than the $3,131.2 million registered in 2022 and comprised 43.2 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 2023.

Figure IV.X
Top contributors of assessed contributions
(Millions of United States dollars and percentage)



34. Voluntary contributions revenue amounted to $3,112.0 million, comprising 41.0 per cent of total revenue. Voluntary contributions revenue for 2023 was $273.6 million (8.1 per cent) less than the $3,385.6 million registered in 2022, owing mainly to decreases in contributions for the common humanitarian multi-partner trust funds ($388.9 million), the Central Emergency Response Fund ($218.8 million) and the trust fund for the support of the Centre for Human Rights ($81.7 million). The decrease was offset by increases in contributions for the trust fund for the strengthening of the Office of the Emergency Relief Coordinator ($546.0 million), the trust fund for United Nations Conference on Trade and Development technical cooperation projects ($18.3 million) and the trust fund in support of the African Union Military Observer Mission in Somalia ($18.1 million). Figure IV.XI shows the top 10 voluntary contributors in 2023, together with their contributions in 2022. Table IV.7 highlights voluntary contributions by programme segment. In both 2023 and 2022, 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)

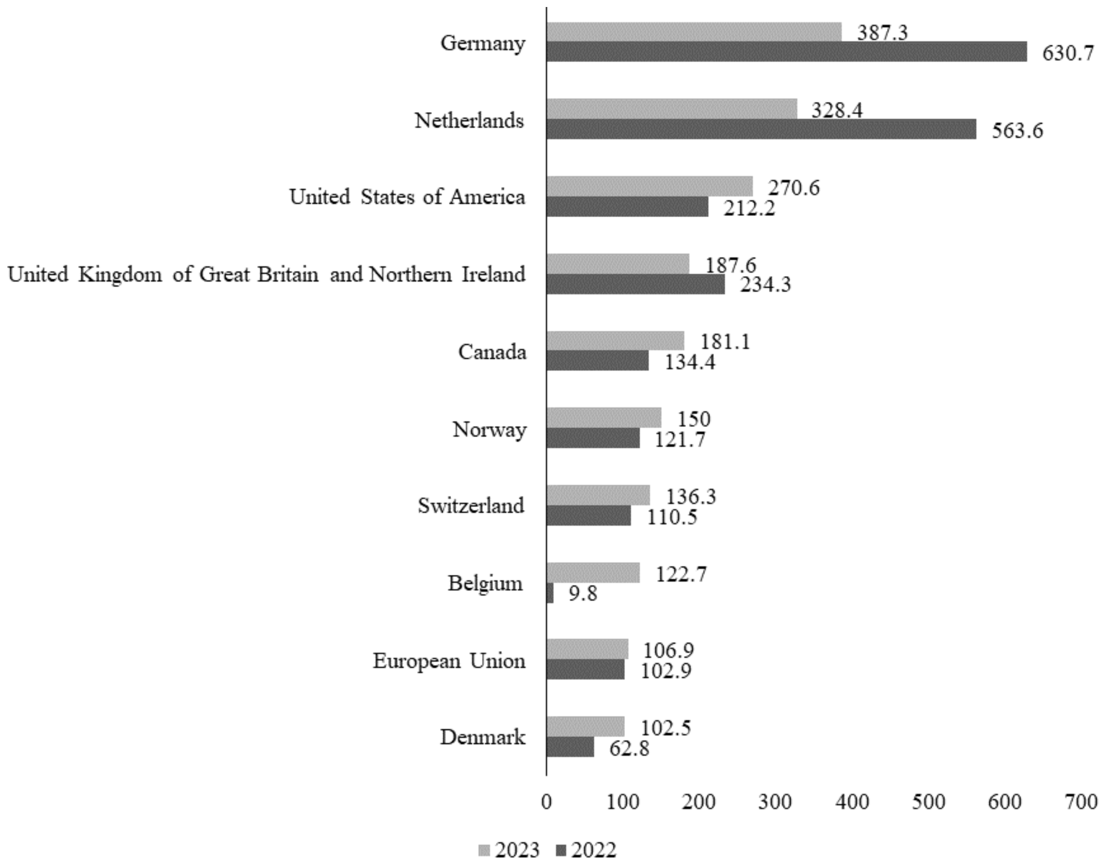


Table IV.7
Voluntary contributions by programme segment
(Millions of United States dollars and percentage)

	2023	*2022*	*Change*	*Percentage change*
Human rights and humanitarian affairs	2 269.6	2 455.1	(185.5)	(7.6)
Political and peacekeeping affairs	294.3	362.5	(68.2)	(18.8)
Cooperation and development	248.5	223.1	25.4	11.4
Common support services	206.1	196.7	9.4	4.8
Crime prevention	26.6	59.0	(32.4)	(54.9)
Other	66.9	89.1	(22.2)	(24.9)
Total revenue	**3 112.0**	**3 385.5**	**(273.5)**	**(8.1)**

Expenses

35. Total expenses for 2023 were $7,915.1 million (2022: $7,713.0 million). The major changes were an increase of $202.1 million, or 2.6 per cent, attributable mainly to an increase in employee salaries, allowances and benefits of $224.5 million and self-insurance claims and expenses of $71.5 million, offset in part by a decrease in grants and other transfers of $94.0 million. Table IV.8 shows changes in expenses.

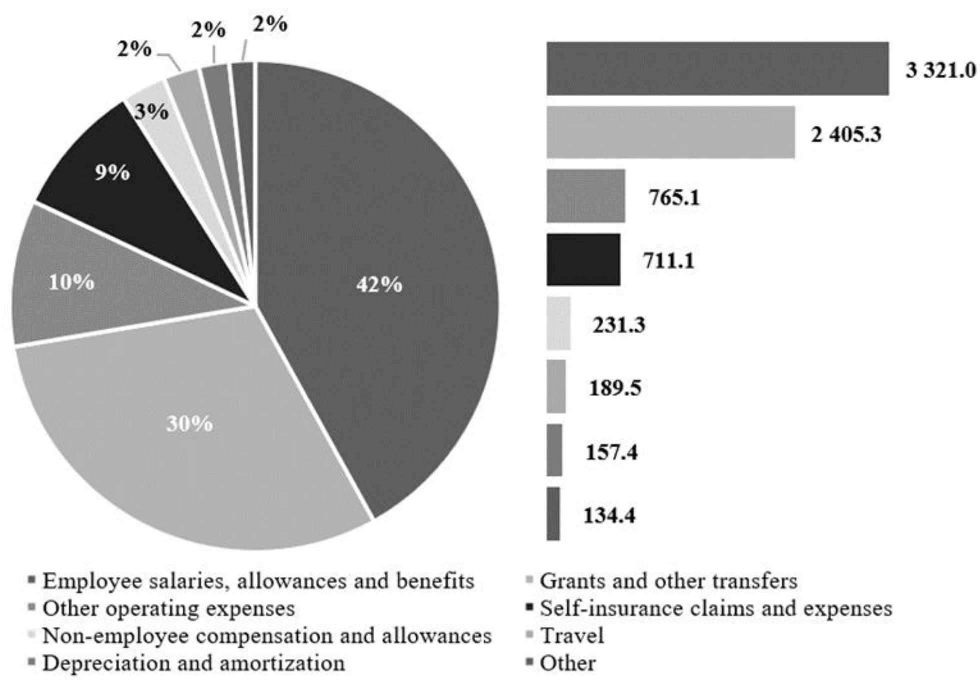
Table IV.8
Changes in expenses by nature
(Millions of United States dollars)

	2023	*2022*	*Change*	*Percentage change*
Employee salaries, allowances and benefits	3 321.0	3 096.5	224.5	7.3
Grants and other transfers	2 405.3	2 499.3	(94.0)	(3.8)
Self-insurance claims and expenses	711.1	639.6	71.5	11.2
Non-employee compensation and allowances	231.3	232.6	(1.3)	(0.6)
Depreciation and amortization	157.4	167.8	(10.4)	(6.2)
Other expenses[a]	1 089.0	1 077.2	11.8	1.1
Total expenses	**7 915.1**	**7 713.0**	**202.1**	**2.6**

[a] Operating expenses of $765.1 million, contributions to and share of deficit of joint ventures of $80.4 million and other expenses of $243.5 million (2022: 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).

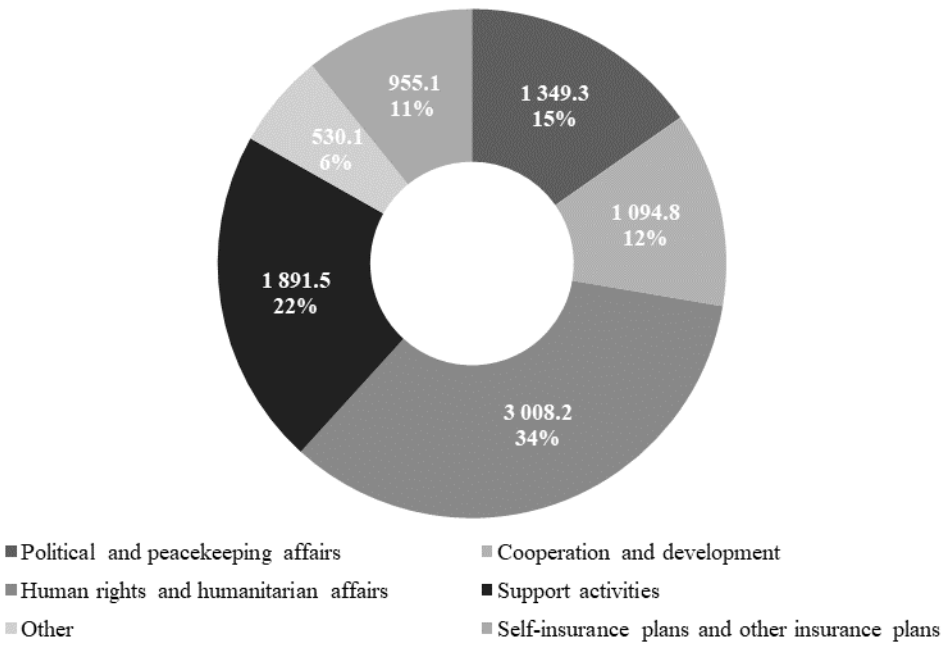
36. Figure IV.XII highlights expenses by nature. The largest class was employee salaries, allowances and benefits, in the amount of $3,321.0 million (42.0 per cent), and grants and transfers to end beneficiaries and implementing partners, in the amount of $2,405.3 million (30.4 per cent). Other operating expenses, in the amount of $765.1 million, was also a significant class (9.7 per cent) and was composed mainly of facilities maintenance, repair and utilities expenses, communication and information technology expenses, and rental of offices and premises.

Figure IV.XII
Expenses by nature
(Millions of United States dollars and percentage)



37. 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 expenses.

Figure IV.XIII
Expenses by work pillar[a]
(Millions of United States dollars)



[a] Eliminations are not included.

F. Net assets

38. Net assets of $4,190.7 million as at 31 December 2023 consisted of an accumulated surplus of $4,109.0 million and reserves of $81.7 million held by, among others, the United Nations Staff Mutual Insurance Society against Sickness and Accidents. The net assets also include $2,326.9 million representing property in the form of land and buildings (56 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.

39. The decrease in net assets in 2023 was $518.2 million and was attributable primarily to actuarial losses on employee benefits liabilities ($250.7 million) and the deficit for the year ($327.6 million). This was offset in part by an increase of $51.2 million due to the fair value gain on revaluation of investments recognized directly in net assets following the adoption of IPSAS 41 in 2023. 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 2021	**251.8**	**5 065.4**	**(5 887.3)**	**761.3**	**3 323.7**	**3 515.0**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	6.4	–	1 501.7	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)	(139.6)	(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**	**4 743.1**	**(4 525.2)**	**763.3**	**3 362.5**	**4 709.2**
Impact of IPSAS 41 adoption	(0.1)	1.2	–	(0.7)	(0.6)	(0.2)
Net assets as at 1 January 2023	**365.3**	**4 744.3**	**(4 525.2)**	**762.6**	**3 362.0**	**4 709.0**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	(0.5)	–	(251.2)	1.0	–	(250.7)
Share of changes recognized by joint ventures directly in net assets	8.7	–	–	–	0.1	8.8
Fair value gain on revaluation of investments recognized directly in net assets	6.1	21.0	2.5	14.3	7.3	51.2
Surplus/(deficit) for the year	(3.3)	(289.3)	(116.8)	50.9	31.0	(327.5)
Total changes in net assets	**11.0**	**(268.3)**	**(365.5)**	**66.2**	**38.4**	**(518.2)**
Net assets as at 31 December 2023	**376.3**	**4 476.0**	**(4 890.7)**	**828.8**	**3 400.4**	**4 190.8**

G. Budgetary performance of the regular budget

40. 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.

41. By its resolution 77/267, the General Assembly decided to lift the trial period effective from 2023 and requested the Secretary-General to continue the submission of the programme budget according to an annual cycle.

42. In 2023, the final amount of the regular budget was $3,396.3 million, which was 3.7 per cent more than the 2022 budget of $3,276.4 million. The budget utilized during 2023 was $3,370.2 million, which was 99.2 per cent of the final budget.

Chapter V

Financial statements for the year ended 31 December 2023

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2023

(Thousands of United States dollars)

	Reference	*31 December 2023*	*31 December 2022*
Assets			
Current assets			
Cash and cash equivalents	Note 6	729 288	851 871
Investments	Note 7	3 614 961	3 286 510
Assessed contributions receivable	Note 8	652 379	123 995
Voluntary contributions receivable	Note 9	1 071 830	1 012 283
Other receivables	Note 10	136 255	173 869
Inventories	Note 11	34 835	33 217
Other assets	Note 12	239 368	382 174
Total current assets		**6 478 916**	**5 863 919**
Non-current assets			
Investments	Note 7	1 285 953	1 710 377
Voluntary contributions receivable	Note 9	753 943	931 596
Property, plant and equipment	Note 14	3 028 646	3 004 775
Intangible assets	Note 15	147 164	144 678
Share of joint arrangements accounted for using the equity method	Note 24	8 479	7 496
Total non-current assets		**5 224 185**	**5 798 922**
Total assets		**11 703 101**	**11 662 841**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 16	671 597	529 610
Advance receipts and deferred revenue	Note 17	122 612	129 542
Employee benefits liabilities	Note 18	278 848	246 313
Provisions	Note 19	353 652	490 803
Tax equalization liability	Note 20	291 439	250 190
Liabilities for conditional arrangements	Note 21	101 725	114 854
Other liabilities	Note 22	22 228	27 732
Total current liabilities		**1 842 101**	**1 789 044**

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2023 (continued)

(Thousands of United States dollars)

	Reference	*31 December 2023*	*31 December 2022*
Non-current liabilities			
Transfers payable		2 933	1 448
Employee benefits liabilities	Note 18	5 214 774	4 770 789
Provisions	Note 19	495	1 115
Liabilities for conditional arrangements	Note 21	24 975	21 411
Other liabilities	Note 22	367 941	303 823
Share of joint arrangements accounted for using the equity method	Note 24	59 122	66 013
Total non-current liabilities		**5 670 240**	**5 164 599**
Total liabilities		**7 512 341**	**6 953 643**
Net of total assets and total liabilities		**4 190 760**	**4 709 198**
Net assets			
Accumulated surplus	Note 25	4 109 060	4 621 898
Reserves	Note 25	81 700	87 300
Total net assets		**4 190 760**	**4 709 198**

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 2023

(Thousands of United States dollars)

	Reference	*2023*	*2022*
Revenue			
Assessed contributions	Note 26	3 278 226	3 131 227
Voluntary contributions	Note 26	3 111 963	3 385 540
Contributions for self-insurance funds	Note 28	495 425	477 205
Other revenue	Note 27	315 055	224 220
Other transfers and allocations	Note 26	132 535	127 546
Investment revenue	Note 30	254 242	2 531
Total revenue		**7 587 446**	**7 348 269**
Expenses			
Employee salaries, allowances and benefits	Note 29	3 321 045	3 096 451
Non-employee compensation and allowances		231 289	232 634
Grants and other transfers	Note 29	2 405 254	2 499 271
Supplies and consumables		52 464	53 196
Depreciation and amortization	Notes 14, 15	157 397	167 757
Impairment		445	(105)
Travel		189 465	160 059
Other operating expenses	Note 29	765 147	792 979
Self-insurance claims and expenses	Note 28	711 105	639 617
Contributions to and share of deficit of joint arrangements accounted for using the equity method	Note 24	80 376	70 289
Other expenses	Note 29	1 068	824
Total expenses		**7 915 055**	**7 712 972**
Deficit for the year		**(327 609)**	**(364 703)**

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 2023

(Thousands of United States dollars)

	Reference	*Accumulated surplus*	*Reserves*	*Total net assets*
Net assets as at 1 January 2022	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**
Impact of the adoption of IPSAS 41	Note 2	(183)	–	(183)
Net assets as at 1 January 2023		**4 621 715**	**87 300**	**4 709 015**
Changes in net assets				
Actuarial losses on employee benefits liabilities	Note 25	(250 724)	–	(250 724)
Share of changes recognized by joint arrangements directly in net assets	Note 24	8 834	–	8 834
Fair value gain on revaluation of investments recognized directly in net assets	Note 30	51 244	–	51 244
Transfers (from)/to reserves		5 600	(5 600)	–
Deficit for the year		(327 609)	–	(327 609)
Total changes in net assets		**(512 655)**	**(5 600)**	**(518 255)**
Net assets as at 31 December 2023	Note 25	**4 109 060**	**81 700**	**4 190 760**

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

IV. Statement of cash flows for the year ended 31 December 2023

(Thousands of United States dollars)

	Reference	*2023*	*2022*
Cash flows from operating activities			
(Deficit)/surplus for the year		**(327 609)**	**(364 703)**
Non-cash movements			
Depreciation and amortization	Notes 14, 15	157 397	167 757
Impairment of inventory, property, plant and equipment and intangibles	Notes 14, 15	302	(105)
Transfers, donations of assets and other additions	Notes 14, 15	338	(7 119)
Net loss on disposal of property, plant and equipment and inventory		3 782	13 976
Actuarial gain/(loss) on employee benefits liabilities	Note 25	(250 724)	1 515 245
Share of changes in net assets recognized by joint arrangements	Note 24	8 834	43 687
Fair value gain on revaluation of investments recognized directly in net assets	Note 30	51 244	–
Changes in assets			
(Increase)/decrease in assessed contributions receivable	Note 8	(528 384)	(5 787)
(Increase)/decrease in voluntary contributions receivable	Note 9	118 106	123 738
(Increase)/decrease in other receivables	Note 10	37 614	(17 497)
(Increase)/decrease in inventories	Note 11	(1 618)	(1 891)
(Increase)/decrease in other assets	Note 12	142 806	237 549
(Increase)/decrease in share of joint arrangements assets accounted for using the equity method	Note 24	(983)	(2 584)
Changes in liabilities			
Increase/(decrease) in accounts payable and accrued liabilities	Note 16	141 987	38 628
Increase/(decrease) in advance receipts and deferred revenue	Note 17	(6 930)	(17 050)
Increase/(decrease) in transfers payable		1 485	811
Increase/(decrease) in employee benefits liabilities	Note 18	476 520	(1 320 465)
Increase/(decrease) in provisions	Note 19	(137 771)	27 494
Increase/(decrease) in Tax Equalization Fund liability	Note 20	41 249	34 332
Increase/(decrease) in liabilities for conditional arrangements	Note 21	(9 565)	(20 987)
Increase/(decrease) in other liabilities excluding borrowings	Note 22	(2 440)	(3 530)
Increase/(decrease) in share of joint arrangements liabilities accounted for using the equity method	Note 24	(6 891)	(45 793)
Investment revenue presented as investing activities	Note 30	(254 242)	(2 531)
Net cash flows (used)/from operating activities		**(345 493)**	**393 175**

Operations of the United Nations as reported in volume I

IV. Statement of cash flows for the year ended 31 December 2023 (continued)

(Thousands of United States dollars)

	Reference	*2023*	*2022*
Cash flows from investing activities			
Pro rata share of net decrease/(increase) in cash pool	Note 30	95 973	(45 818)
Investment revenue presented as investing activities	Note 30	254 242	2 531
Acquisitions of property, plant and equipment	Note 14	(158 899)	(169 812)
Proceeds from disposal of plant and equipment		653	251
Acquisitions of intangibles	Note 15	(30 113)	(26 255)
Net cash flows from/(used) in investing activities		**161 856**	**(239 103)**
Cash flows from financing activities			
Proceeds from borrowings	Note 22	61 054	51 266
Net cash flows from financing activities		**61 054**	**51 266**
Net (decrease)/increase in cash and cash equivalents		(122 583)	205 338
Cash and cash equivalents – beginning of year		851 871	646 533
Cash and cash equivalents – end of year	**Note 6**	**729 288**	**851 871**

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 2023

(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)	3 074 358	3 074 358	2 925 326	–	(4.8)
Staff assessment	291 355	291 355	307 429	–	5.5
General income	30 197	30 197	57 262	–	89.6
Services to the public	398	398	(5 579)	–	(1501.8)
Total income	**3 396 308**	**3 396 308**	**3 284 438**	**–**	**(3.3)**
Expenditure					
Regular budget by part					
Overall policymaking, direction and coordination	435 280	435 280	412 909	–	(5.1)
Political affairs	910 566	910 566	896 542	–	(1.5)
International justice and law	92 918	92 918	95 672	–	3.0
International cooperation for development	272 431	272 431	269 625	–	(1.0)
Regional cooperation for development	331 535	331 535	335 101	–	1.1
Human rights and humanitarian affairs	287 650	287 650	270 674	–	(5.9)
Global communications	101 807	101 807	105 109	–	3.2
Common support services	327 851	327 851	333 142	–	1.6
Internal oversight	22 135	22 135	23 398	–	5.7
Jointly financed administrative activities and special expenses	95 902	95 902	92 577	–	(3.5)
Capital expenditure	85 471	85 471	83 406	–	(2.4)
Security and safety	126 953	126 953	130 193	–	2.6
Development Account	16 491	16 491	16 491	–	0.0
Staff assessment	289 318	289 318	305 373	–	5.5
Total expenditure	**3 396 308**	**3 396 308**	**3 370 212**	**–**	**2.2**
Net total	–	–	**(85 774)**	–	–

[a] Refers to the United Nations regular budget for 2023. 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, which 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, which 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, which plays a specific 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, which 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, 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 the Africa Hall at ECA in Addis Ababa and the seismic retrofitting of the secretariat building at the Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok;

(d) **Tax Equalization Fund**. The Tax Equalization Fund was established to equalize the net pay of all staff members, whatever their national tax obligations;

(e) **End-of-service and post-retirement benefits**. Such funds were established to account for end-of-service liabilities in respect of benefits payable to staff separating from service and comprise after-service health insurance, repatriation benefits and unused annual leave;

(f) **Other funds**. These comprise self-insurance funds; special accounts for administrative cost recoveries; common support services; conferences and conventions; special multi-year funds accounting for supplementary development activities; and other funds.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

9. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements have been prepared on an accrual basis in accordance with IPSAS. They have been prepared on a going-concern basis and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Organization, consist of the following:

(a) Statement of financial position (statement I);

(b) Statement of financial performance (statement II);

(c) Statement of changes in net assets (statement III);

(d) Statement of cash flows (using the indirect method) (statement IV);

(e) Statement of comparison of budget and actual amounts (statement V);

(f) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;

(g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

10. The going-concern assertion is based on the approval by the General Assembly of the regular budget appropriations for 2024 in its resolution 78/254, 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 2023 to the Board of Auditors by 31 March 2024. 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 investments held in the cash pool recorded at fair value through net assets/ equity and derivatives held at fair value through surplus and 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 the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of specific assets, liabilities, revenue 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.

Adoption of International Public Sector Accounting Standard 41

19. Effective 1 January 2023, the Organization adopted IPSAS 41: Financial instruments, which was issued in August 2018. It replaced IPSAS 29: Financial instruments: recognition and measurement, and introduces:

(a) Simplified classification and measurement requirements for financial assets;

(b) A forward-looking impairment model;

(c) A flexible hedge accounting model.

20. The changes from the initial adoption of the standard are effective on that date and therefore do not require the restatement of the prior-period amounts. Consequently, the financial assets, financial liabilities, non-exchange and exchange receivables and investment revenue as at 31 December 2022 presented in these financial statements have been accounted for in accordance with the accounting policies as stated in the 2022 financial statements.

New classification and measurement principles for financial assets

21. IPSAS 41 introduces a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing

its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified into the following categories: financial assets at amortized cost; financial assets at fair value through net assets/equity; and financial assets at fair value through surplus or deficit.

22. On 1 January 2023, the application of the new criteria led to the reclassification of all cash pool investments, as well as investments held by the United Nations Staff Mutual Insurance Society against Sickness and Accidents, from the financial assets at fair value through surplus or deficit to the financial assets at fair value through net assets/equity category. The fair value reserve was classified to accumulated surplus or deficit of net assets.

New impairment model

23. Whereas the previous impairment model was based on incurred losses, IPSAS 41 has introduced a forward-looking impairment model on the basis of expected credit losses over the lifetime of the financial asset. The expected credit loss takes into account possible default events and the evolution of the credit quality of the financial assets. The new impairment model applies to all financial assets measured at financial assets at amortized cost or at financial assets at fair value through net assets/equity.

24. The table below shows the original measurement categories under IPSAS 29 as applied to the 2022 financial statements and the new measurement categories under IPSAS 41 for the Organization’s financial assets as at 1 January 2023. There were no changes in the measurement categories of the financial liabilities of the Organization.

(Thousands of United States dollars)

Financial assets	*Measurement category prior to the adoption of IPSAS 41*	*Net carrying amount as at 31 December 2022*	*Measurement category under IPSAS 41*	*Net carrying amount as at 1 January 2023*
Pro rata share of investments in the cash pools	Financial assets at fair value through surplus or deficit	4 799 029	Financial assets at fair value through net assets/equity	4 799 029
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments	Financial assets at fair value through surplus or deficit	186 055	Financial assets at fair value through net assets/equity	186 055
Cash and cash equivalents (investment pool)	Amortized cost	841 035	Amortized cost	841 035
Cash and cash equivalents, other	Amortized cost	10 836	Amortized cost	10 836
Derivatives	Financial assets at fair value through surplus or deficit	11 803	Financial assets at fair value through surplus or deficit	11 803
Assessed contributions receivable (note 30)	Amortized cost	123 995	Amortized cost	123 812
Voluntary contributions receivable (note 30)	Amortized cost	1 943 879	Amortized cost	1 945 052
Other receivables (note 30)	Amortized cost	173 869	Amortized cost	172 696

25. The table below presents an analysis of the impact of the transition to IPSAS 41 of the Organization’s financial assets and receivables. It reconciles the carrying amounts from their previous measurement category, IPSAS 29, as applied to the 2022 financial statements, to their new measurement categories under IPSAS 41 on 1 January 2023.

(Thousands of United States dollars)

	Balance as at 31 December 2022	*Reclassification*	*Remeasurement*	*Balance as at 1 January 2023*		
Financial assets (investment and cash and cash equivalents)				**FVSD**	**FVNAE**	**AC**
Short-term investments (note 7)	3 286 510	(3 274 707)	–	11 803	3 274 707	–
Long-term investments (note 7)	1 710 377	(1 710 377)	–	–	1 710 377	–
Cash and cash equivalents (note 6)	851 871	–	–	–	–	851 871
Total financial assets (investment and cash and cash equivalents)	**5 848 758**	**(4 985 084)**		**11 803**	**4 985 084**	**851 871**
Receivables balance (note 30)	**2 241 743**	**–**	**(183)**	**–**	**–**	**2 241 560**
Total impact of the adoption of IPSAS 41	**–**	**(4 985 084)**	**(183)**	**–**	**4 985 084**	**–**

Recent and future requirements of the International Public Sector Accounting Standards

26. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the Organization's financial statements continue to be monitored:

(a) Exposure draft 85: Improvements to IPSAS, 2023, proposes minor improvements to accrual basis IPSAS that arise through publications of the International Accounting Standards Board;

(b) Natural resources: The IPSAS Board approved Exposure draft 86: Exploration for and evaluation of mineral resources, which provides the accounting guidance relating to the costs incurred in the exploration and evaluation of mineral resources, and Exposure draft 87: Stripping costs in the production phase of a surface mine (amendments to IPSAS 12: Inventories), which provides guidance on how to account for costs incurred to remove waste material in a surface mining operation. The IPSAS Board agreed to revised recognition criteria and initial measurement proposals, consistent with the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and IPSAS for tangible assets;

(c) Public sector leasing issues: The IPSAS Board will continue consideration of public sector-specific leasing issues, such as concessionary leases, in its other lease type arrangements project. The IPSAS Board decided to develop and expose a stand-alone exposure draft with non-authoritative guidance on the remaining arrangements included in the Request for information, concessionary and other arrangements similar to leases. The new exposure draft will complement Exposure draft 84: Concessionary leases and right-of-use assets in kind, and propose to update the most recent IPSAS on revenue and transfer expenses on this topic;

(d) The IPSAS Board reviewed the objectives, scope and conceptual foundations for the development of the draft climate-related disclosures standard for the public sector. The IPSAS Board emphasized the public sector specificities, including its main objective of delivering services, its role as a policy setter and regulator, and its responsibilities at various levels of government;

(e) The IPSAS Board agreed on a consultation paper on the presentation of financial statements that would explore an approach allowing various presentation approaches in IPSAS. The provision of those approaches was supported on the basis of the increased flexibility that it would provide to public sector entities to provide a presentational approach more useful to the entities' specific users.

27. The IPSAS Board issued the following standards:

(a) IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025;

(b) IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025;

(c) IPSAS 45: Property, plant and equipment, issued in May 2023 and effective 1 January 2025;

(d) IPSAS 46: Measurement, issued in May 2023 and effective 1 January 2025;

(e) IPSAS 47: Revenue, issued in May 2023 and effective 1 January 2026;

(f) IPSAS 48: Transfer expenses, issued in May 2023 and effective 1 January 2026;

(g) IPSAS 49: Retirement benefit plans, approved in September 2023 and effective 1 January 2026.

28. The impact of these standards on the Organization's financial statements and the comparative period therein has been evaluated as follows:

Standard	*Anticipated impact in the year of adoption*
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 financial year ending 31 December 2025 for United Nations operations as reported in volume I. The impact of IPSAS 43 will continue to be assessed over the 2024 calendar year 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 volume 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, on a preliminary basis, estimated as not significant for the Organization, given that the presentation and disclosure changes will depend on the identification of discontinued operations, if any, in the future, starting on 1 January 2025.
IPSAS 45	IPSAS 45: Property, plant and equipment, replaces IPSAS 17: Property, plant and equipment. IPSAS 45 removes the scope exclusion for heritage property, plant and equipment, provides application and implementation guidance on infrastructure assets and captures property, plant and equipment-related measurement impacts from IPSAS 46. The impact of IPSAS 45 will be assessed prior to the 1 January 2025 effective date.
IPSAS 46	IPSAS 46: Measurement, is the IPSAS Board's first measurement-dedicated standard that draws upon International Financial Reporting Standard 13: Fair value measurement, with the addition of public sector-specific elements, including the current operational value measurement basis.

Standard	*Anticipated impact in the year of adoption*
	The impact of IPSAS 46 will be assessed prior to the 1 January 2025 effective date. The adoption of IPSAS 46 is not expected to change the Organization's accounting policy choice to apply the historical cost model to tangible and intangible assets.
IPSAS 47	IPSAS 47: Revenue, replaces the three existing revenue standards: (a) IPSAS 9: Revenue from exchange transactions; (b) IPSAS 11: Construction contracts; (c) IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). IPSAS 47 aligns to the IPSAS Board Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities and presents two accounting models on the basis of the existence of a binding arrangement. Where a binding arrangement exists, revenue accounting is aligned with International Financial Reporting Standard 15: Revenue from contracts with customers. Otherwise, the accounting model is consistent with the core principles of IPSAS 23. Adoption of the standard is mandatory for the financial reporting for the year ending 31 December 2026. The impact of IPSAS 47 will be assessed prior to the 1 January 2026 effective date of the standard.
IPSAS 48	IPSAS 48: Transfer expenses, provides guidance on accounting for transfer expenses. The transfer expense model aligns with the Conceptual Framework and presents two accounting models on the basis of the existence of a binding arrangement. Adoption of the standard is mandatory for the volume I financial year ending 31 December 2026. The impact of IPSAS 48 will be assessed prior to the 1 January 2026 effective date of the standard.
IPSAS 49	IPSAS 49: Retirement benefit plans, aligns to International Accounting Standard 26: Accounting and reporting by retirement benefit plans, and prescribes the accounting and reporting requirements for public sector retirement benefit plans, which provide retirement benefits to public sector employees and other eligible participants. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply IPSAS 49. The standard does not deal with other forms of employment benefits such as employment termination benefits or health and welfare plans. Adoption of the standard is mandatory for the volume I financial year ending 31 December 2026. The preliminary assessment is that IPSAS 49 will have no impact on financial reporting of volume I operations. The detailed impact of IPSAS 49 will be assessed prior to the 1 January 2026 effective date of the standard.

Note 3
Significant accounting policies

Financial assets measurement and classification

29. 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. Note 2 describes a change in classification due to the adoption of IPSAS 41, effective 1 January 2023.

Classification	*Financial assets*
Fair value through net assets/equity	Investments in cash pools and the investments for the United Nations Staff Mutual Insurance Society against Sickness and Accidents
Amortized cost	Cash and cash equivalents and receivables
Fair value through surplus or deficit	Derivatives

30. Financial assets with maturities in excess of 12 months as 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.

31. With the adoption of IPSAS 41, financial assets previously designated at fair value through surplus or deficit have been reclassified to fair value through net assets/ equity after an assessment of their contractual cash flow characteristics and the determination of the Organization's management model, which is to both collect contractual cash flows and sell the financial assets. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are now presented in the statement of net assets in the year in which they arise.

32. Financial assets at amortized cost 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.

33. 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.

34. 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

35. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined into 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.

36. 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.

37. The investment pools are subject to an expected credit loss assessment for the reporting period, and the assessment is done using Fitch Ratings, which is a provider of credit ratings, research and analysis for the global financial markets. The expected credit loss on investments is calculated using the Fitch default rating with a combination of the Fitch issuer rating and the type of issuer. The expected default rates are derived by Fitch using historical data over a period of 32 years (1990–2022). The Fitch rating by type of issuer is obtained for each investment position. The default rate is obtained from the transition matrix for the specific type of issuer (e.g., supranational, sovereign and corporate).

38. Owing to the conservative and risk-averse investment strategy/model, the United Nations does not invest in risky low-grade investments. Consequently, most of the investments carry a zero-default rating and there is no history of non-collection. The Organization will therefore assess expected credit loss at the end of each reporting period and recognize an impairment loss only if material.

Cash and cash equivalents

39. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or fewer from the date of acquisition.

Receivables from non-exchange transactions: contributions receivable

40. 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, less impairment for estimated irrecoverable amounts (i.e., the loss allowance). Voluntary contributions receivable that will mature in more than 12 months are reported at a discounted value calculated using the effective interest method. Voluntary contributions receivable, trade receivables and other receivables are subject to impairment using the expected credit loss model applicable to the donor or customer type.

Assessed contributions receivable

41. For assessed contributions receivable, the loss allowance is calculated using objective historical evidence of the collections of receivables (in this case, Member States).

42. For ongoing IPSAS 41 compliance, payment data are monitored for any indication of changes in payment patterns. Where data are indicative of expected credit loss, loss allowance is recognized in accordance with IPSAS 41.

43. On the basis of the analysis of historical data of collection for assessed contributions receivable, no expected credit loss has been established where no evidence of any loss pattern for Member States exists, except for the specific receivables detailed below, where, under the forward-looking model, the expected credit loss shall be provided for:

(a) Assessed contributions receivable 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 are included in the loss allowance. These receivables carry higher credit risk owing to a historical pattern of non-payment or delays over a specific number of years;

(b) Assessed contributions receivable that are past due for which the General Assembly has granted special treatment, for example, unpaid assessed contributions from Member States that were transferred to a special account pursuant to Assembly resolutions;

(c) Assessed contributions receivable outstanding for completed projects, for closed missions and for contested balances that are at a higher risk of credit loss, are included in the loss allowance as collection is uncertain.

Voluntary contributions receivable

44. Voluntary contributions receivable have distinct characteristics, compared with conventional receivables classified as financial assets. These distinctions include the following:

(a) Variability in amounts: owing to their voluntary nature, the amounts associated with voluntary contributions receivable can vary, given that they may fluctuate on the basis of future funding requirements for project implementation and the intentions of donors;

(b) Flexible due date: due dates for voluntary contributions receivable are highly adaptable and subject to adjustment in alignment with the progress of the related project implementation.

45. The inherent variability of the pledged amounts and the flexibility of due dates pose substantial challenges in formulating a reasonable estimation of loss allowance for voluntary contributions receivable. The historical amount of write-off instances over the aggregate value of voluntary contributions receivable is relatively small. The Organization has therefore assessed loss allowance on voluntary contributions on a case-by-case basis, thereby creating a 100 per cent loss allowance for delinquent receivables that are identified specifically as uncollectible.

46. The non-trust funds voluntary contributions receivable and trust funds with a partially assessed nature will be assessed for loss allowance from historical payment patterns.

Receivables from exchange transactions: other receivables

47. 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.

48. The loss allowance calculation uses a forward-looking model applying historical percentages of previous credit losses as the basis for determining the expected credit losses of receivable balances. This historical percentage is updated at each year end. The United Nations operates in a worldwide environment with dynamic macroeconomic variables, and it is therefore difficult to factor the worldwide gross domestic product growth rate into the calculation of the loss allowance. Other receivables are categorized by customer types with homogeneous characteristics, for example, with the same debt settlement patterns. The evolution of the outstanding balances is analysed over a period of years to determine the historical transition rate of outstanding receivable balances. The transition rate is reassessed at end of each reporting period and applied to the exposure balance to determine the loss allowance.

Other assets

49. 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

50. 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 and 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 medicine

51. 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 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.

52. 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.

53. 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 on the basis of 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.

54. Inventories are subject to physical verification on the basis of 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

55. Heritage assets are not recognized in the financial statements, but significant heritage assets transactions are disclosed in the notes thereto.

Property, plant and equipment

56. 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 attributable directly to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs. Standard rates ranging from 2 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 involved 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. Any subsequent real estate construction or additions are recognized at historical cost, with the exception of special political missions, which commenced recognition at historical cost as from January 2018;

(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.

57. 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 are set out below.

58. As with other accounting estimates and underlying assumptions, estimated useful life assumptions are reviewed on an ongoing basis. Changes in accounting estimates results from new information, new developments or more experience, for example, adjustment of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits associated with assets. Such changes are accounted for as a change in accounting estimate. It is recognized prospectively by inclusion in the surplus or deficit in the period of change and future periods if the change affects both. Such prospective recognition is applied to transactions, other events and conditions from the date of the change in estimate.

59. Following recommendations of the Board of Auditors to review the useful lives of all classes of assets and as other United Nations system entities also received similar recommendations, the Task Force on Accounting Standards, which reports to the Finance and Budget Network, carried out a system-wide survey on useful lives of

assets. As a result of the exercise and in analysing the Task Force's own historical data on asset utilization, 13 of the 25 asset subclasses in the table below were revised. The updated useful lives were applied to the Organization's property plant and equipment prospectively as from 1 January 2023.

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4–5 years[a]
	Communications	7–8 years[a]
	Audiovisual equipment	7–10 years[a]
Vehicles	Light-wheeled vehicles	6–7 years[a]
	Marine vessels	10 years
	Specialized vehicles, trailers and attachments	6–12 years
	Heavy-wheeled and engineering support vehicles	12 years
Machinery and equipment	Light engineering and construction equipment	5–8 years[a]
	Medical equipment	5–6 years[a]
	Security and safety equipment	5–6 years[a]
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7–10 years[a]
	Ground transportation equipment	7–10 years[a]
	Heavy engineering and construction equipment	10–12 years[a]
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4–5 years[a]
	Fixtures and fittings	7–10 years[a]
	Furniture	10 years
Buildings	Temporary and mobile buildings	7–10 years[a]
	Fixed buildings	Up to 50 years
	Major buildings components	Up 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 and landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

[a] In 2023, following the review of the estimates of the periods over which asset subclasses were expected to be available for use, estimated useful lives for 122 subclasses were increased by between one and three years and one subclass, heavy engineering and construction equipment, was reduced by two years. These changes are applicable for acquisitions on or after 1 January 2023.

60. 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.

61. Where there is a material cost value of fully depreciated assets that remain 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.

62. The Organization chose the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred after 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.

63. A gain or loss resulting from the disposal or transfer of property, plant or equipment arises when proceeds from disposal or transfer differ from the carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

64. 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

65. 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.

66. 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

67. 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

68. 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. The adoption of IPSAS 41 has no change on the classification and measurement of the financial liabilities of the Organization.

Financial liabilities: accounts payable and accrued liabilities

69. 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

70. Advance receipts and deferred revenue consist of contributions or payments received in advance and other deferred revenue.

Liabilities for conditional arrangements

71. 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"

72. 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.

73. Leases in which all 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"

74. 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

75. 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.

76. 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.

77. 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.

78. 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

79. 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

80. 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

81. 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

82. 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 in which 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.

83. 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.

84. **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 specific 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.

85. **Repatriation benefits**. Upon end of service, staff who meet specific 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.

86. **Annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled through 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 gain access to current period leave entitlements before they gain access to 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 the portion of the accumulated annual leave benefit that is expected to be settled through 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

87. The Organization is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the 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 that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

88. The Pension Fund 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 Pension 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. Therefore, 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 Pension Fund during the financial period are recognized as expenses in the statement of financial performance.

Termination benefits

89. 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

90. 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.

91. 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

92. 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.

93. 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 on the manner of their disposal.

Contingent liabilities

94. 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.

95. 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.

96. An indicative threshold of $10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

97. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the effective control of the Organization. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the Organization.

98. Voluntary pledges and other promised donations that are not supported by binding agreements that 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

99. 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 number 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

100. 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

101. 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.

102. 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. 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 the Fund, the revenue is recognized when a cash disbursement authorization is received. Unused funds returned to the donors are netted against voluntary contributions.

103. Revenue received under interorganizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf.

104. 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 measured initially 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 rather 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

105. 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.

106. 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. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Investment revenue

107. 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 attributable directly 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.

Expenses

108. 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.

109. 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.

110. 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.

111. Supplies and consumables relate to the cost of inventory used and expenses for supplies and consumables.

112. Other operating expenses include acquisition of goods and intangible assets under capitalization thresholds, maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, loss allowance and foreign exchange losses. Other expenses relate to contributions in kind, hospitality and official functions, donations and transfers of assets.

113. 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

114. 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, revenue and expenses relating to its interest in a joint operation in accordance with the IPSAS standard applicable to the particular assets, liabilities, revenue 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

115. 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.

116. 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.

117. 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

118. 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.

119. 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 the Economic and Social Commission for Asia and the Pacific 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.

Segment	*Activities in segment*
Insurance/workers' compensation	Accounts for activities with regard to the various health, dental and life insurance plans and compensation for general liability of the United Nations.
Other	All other funds, including the United Nations Development Account, the Tax Equalization Fund and conventions.
Eliminations	Inter-fund allocations between various segments that are eliminated upon consolidation of the funds of the Organization (i.e., the financial reporting entity). Among eliminated values are programme support costs allocated to recoup administrative costs relating to administering extrabudgetary activities. In addition, allocations from regular budget activities to subactivities in other funds are eliminated as expenses of the regular budget against revenue of other funds.

120. 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.

Segment	*Activities in segment*
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. It also includes internal oversight functions encompassing the responsibilities of monitoring, internal audit, joint inspection and evaluation and investigations, as well as finance, human resources, information and communications technology and support services to support United Nations operations, projects and fund activities.
Other	Consists of other activities not specifically mapped to other pillar segments, such as library endowments, international partnerships, environmental affairs and special projects.
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 revenue of other funds.

All funds

Statement of financial position by fund group as at 31 December 2023

(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	10 169	362 784	23 778	93 877	58 112	132 771	47 797	–	729 288
Investments	68 273	1 869 243	129 105	484 133	299 773	517 869	246 565	–	3 614 961
Assessed contributions receivable	652 379	–	–	–	–	–	–	–	652 379
Voluntary contributions receivable	1 642	1 069 145	–	2 535	–	4	2 618	(4 114)[a]	1 071 830
Other receivables	16 552	53 143	763	48 175	–	17 616	6	–	136 255
Inventories	28 653	35	5	6 142	–	–	–	–	34 835
Other assets	56 691	128 612	2 303	10 735	–	40 581	446	–	239 368
Total current assets	**834 359**	**3 482 962**	**155 954**	**645 597**	**357 885**	**708 841**	**297 432**	**(4 114)**	**6 478 916**
Non-current assets									
Investments	14 870	584 717	38 369	151 441	93 772	325 656	77 128	–	1 285 953
Voluntary contributions receivable	–	753 943	–	–	–	–	–	–	753 943
Property, plant and equipment	268 623	65 513	2 668 114	25 110	–	–	1 286	–	3 028 646
Intangible assets	18 747	7 966	113 721	4 768	–	1 826	136	–	147 164
Share of joint ventures accounted for using the equity method	6 952	–	1 527	–	–	–	–	–	8 479
Total non-current assets	**309 192**	**1 412 139**	**2 821 731**	**181 319**	**93 772**	**327 482**	**78 550**	**–**	**5 224 185**
Total assets	**1 143 551**	**4 895 101**	**2 977 685**	**826 916**	**451 657**	**1 036 323**	**375 982**	**(4 114)**	**11 703 101**
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	364 190	216 373	30 365	31 513	–	24 621	8 649	(4 114)[a]	671 597
Advance receipts and deferred revenue	70 185	40 631	28	3 567	–	2	8 199	–	122 612
Employee benefits liabilities	47 108	27 763	490	1 113	172 228	29 747	399	–	278 848
Provisions	202 586	155	18 620	–	–	131 820	471	–	353 652
Tax equalization liability	–	–	–	–	–	–	291 439	–	291 439

	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	–	101 725	–	–	–	–	–	–	101 725
Other liabilities	116	4 288	6 192	145	–	23	11 464	–	22 228
Total current liabilities	**684 185**	**390 935**	**55 695**	**36 338**	**172 228**	**186 213**	**320 621**	**(4 114)**	**1 842 101**
Non-current liabilities									
Transfers payable	–	2 933	–	–	–	–	–	–	2 933
Employee benefits liabilities	23 324	–	–	–	5 170 108	21 342	–	–	5 214 774
Provisions	145	32	318	–	–	–	–	–	495
Liabilities for conditional arrangements	–	24 975	–	–	–	–	–	–	24 975
Other liabilities	442	226	367 269	4	–	–	–	–	367 941
Share of joint ventures accounted for using the equity method	59 122	–	–	–	–	–	–	–	59 122
Total non-current liabilities	**83 033**	**28 166**	**367 587**	**4**	**5 170 108**	**21 342**	**–**	**–**	**5 670 240**
Total liabilities	**767 218**	**419 101**	**423 282**	**36 342**	**5 342 336**	**207 555**	**320 621**	**(4 114)**	**7 512 341**
Net of total assets and total liabilities	**376 333**	**4 476 000**	**2 554 403**	**790 574**	**(4 890 679)**	**828 768**	**55 361**	**–**	**4 190 760**
Net assets									
Accumulated surplus/(deficit)	376 333	4 476 000	2 554 403	790 574	(4 890 679)	747 068	55 361	–	4 109 060
Reserves	–	–	–	–	–	81 700	–	–	81 700
Total net assets	**376 333**	**4 476 000**	**2 554 403**	**790 574**	**(4 890 679)**	**828 768**	**55 361**	**–**	**4 190 760**

[a] Inter-segment payables of $2.490 million between capital assets and construction in progress and receivables of common support services segment; inter-segment payables of $1.624 million between capital assets and construction in progress and receivables of the regular budget and related funds segment.

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

	Regular budget and related funds	*Trust funds*	*Capital assets and construction in progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Tax equalization liability	–	–	–	–	–	–	250 190	–	250 190
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 fund 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.

Statement of financial performance by fund group for the period ended 31 December 2023

(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	3 278 226	–	–	–	–	–	–	–	3 278 226
Voluntary contributions	42 128	3 040 073	21 179	2 329	–	–	6 254	–	3 111 963
Contributions for self-insurance funds	–	–	–	–	–	737 955	–	(242 530)[a]	495 425
Other revenue	51 370	5 193	234 859	468 404	71 187	31 100	2 773	(549 831)[b]	315 055
Other transfers and allocations	–	145 767	53 990	37 959	–	–	16 491	(121 672)[c]	132 535
Investment revenue	35 182	130 945	8 512	27 052	17 911	31 140	3 500	–	254 242
Total revenue	**3 406 906**	**3 321 978**	**318 540**	**535 744**	**89 098**	**800 195**	**29 018**	**(914 033)**	**7 587 446**
Expenses									
Employee salaries, allowances and benefits	2 340 872	838 433	455	216 254	206 153	19 168	3 321	(303 611)	3 321 045
Non-employee compensation/ allowances	113 118	101 487	10	12 891	–	22	5 070	(1 309)	231 289
Grants and other transfers	299 369	2 217 324	–	9 088	–	–	2 998	(123 525)	2 405 254
Supplies and consumables	34 103	14 298	(53)	4 489	–	2	(186)	(189)	52 464
Depreciation and amortization	29 150	8 508	115 388	4 203	–	133	15	–	157 397
Impairment	438	–	–	7	–	–	–	–	445
Travel	72 201	108 524	89	6 526	–	1	5 430	(3 306)	189 465
Other operating expenses	438 341	322 285	267 241	194 705	(297)	20 633	4 332	(482 093)	765 147
Self-insurance claims and expenses	1 760	17	–	–	–	709 328	–	–	711 105
Contributions to and share of deficit of joint ventures on an equity basis	80 361	–	15	–	–	–	–	–	80 376
Other expenses	537	466	–	65	–	–	–	–	1 068
Total expenses	**3 410 250**	**3 611 342**	**383 145**	**448 228**	**205 856**	**749 287**	**20 980**	**(914 033)**	**7 915 055**
Surplus/(deficit) for the year	**(3 344)**	**(289 364)**	**(64 605)**	**87 516**	**(116 758)**	**50 908**	**8 038**	**–**	**(327 609)**
Capital expenditure	**33 940**	**14 087**	**103 588**	**5 998**	**–**	**–**	**1 286**	**–**	**158 899**

(Footnotes on following page)

(Footnotes to table)

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[a] Contributions for health insurance of $242.530 million from insurance/workers' compensation segment against employee salaries of $241.984 million and non-employee compensation of $0.546 million.

[b] Internal cost recovery of $277.671 million from the common support services segment, internal transfer of property, plant and equipment of $240.647 million ($230.547 million from the capital assets and construction-in-progress segment, $9.616 million from the regular budget and related funds segment, $0.356 million from the common support services segment, $0.113 million from the trust funds segment and $0.015 million from the insurance/worker's compensation segment), funding of long-term employee benefits (after-service health insurance and repatriation grant) of $60.173 million from the long-term employee benefits segment, and travel fee allocation of $2.085 million from the other segment, offset by foreign exchange gains of $30.745 million. Corresponding expenses were employee salaries, allowances and benefits, non-employee compensation and allowances, grants and other transfers, supplies and consumables, travel expenses and other operating expenses.

[c] Internal cross-funding of $121.672 million ($60.702 million from the capital assets and construction-in-progress segment, $31.537 million from the trust fund segments, $12.942 million from the common support services segment and $16.491 million from the other segment).

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 fund segments, $27.274 million from the common support services segment, $16.199 million from the other segment and $0.200 million 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. That 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 pillar for the period ended 31 December 2023

(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	1 007 059	100 120	766 415	288 460	117 611	137 502	34 294	826 765	–	–	–	3 278 226
Voluntary contributions	294 279	16 260	248 529	2 269 600	4 335	–	26 644	206 051	46 265	–	–	3 111 963
Contributions for self-insurance funds	–	–	–	–	–	–	–	–	–	737 955	(242 530)[a]	495 425
Other revenue	16 112	1 483	29 280	98 858	465	193	–	616 199	9	102 287	(549 831)[b]	315 055
Other transfers and allocations	1 442	385	38 430	29 601	104	–	3 326	178 163	2 756	–	(121 672)[c]	132 535
Investment revenue	17 875	1 493	48 220	85 539	470	–	1 712	47 076	2 805	49 052	–	254 242
Total revenue	**1 336 767**	**119 741**	**1 130 874**	**2 772 058**	**122 985**	**137 695**	**65 976**	**1 874 254**	**51 835**	**889 294**	**(914 033)**	**7 587 446**
Expenses												
Employee salaries, allowances and benefits	741 117	80 611	720 472	653 223	109 068	108 579	23 064	946 295	16 906	225 321	(303 611)	3 321 045
Non-employee compensation/allowances	80 622	11 295	69 311	36 509	1 896	174	1 465	29 609	1 695	22	(1 309)	231 289
Grants and other transfers	193 851	9 497	104 967	2 045 290	1 048	4 916	44 704	103 262	21 244	–	(123 525)	2 405 254
Supplies and consumables	32 507	151	3 472	4 250	203	1 436	33	10 504	95	2	(189)	52 464
Depreciation and amortization	17 389	1 264	3 090	4 326	678	316	1 165	128 510	526	133	–	157 397
Impairment	337	–	–	–	–	37	–	71	–	–	–	445
Travel	33 782	5 336	49 298	65 659	977	2 007	3 589	29 579	2 543	1	(3 306)	189 465
Other operating expenses	249 304	17 330	113 981	198 741	13 766	2 978	8 592	615 015	7 197	20 336	(482 093)	765 147
Self-insurance claims and expenses	–	–	1 758	18	–	–	–	1	–	709 328	–	711 105

	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*
Contributions to and share of deficit of joint ventures on an equity basis	75	1	28 293	–	–	23 668	–	28 339	–	–	–	80 376
Other expenses	282	17	164	225	12	–	–	343	25	–	–	1 068
Total expenses	**1 349 266**	**125 502**	**1 094 806**	**3 008 241**	**127 648**	**144 111**	**82 612**	**1 891 528**	**50 231**	**955 143**	**(914 033)**	**7 915 055**
Surplus/(deficit) for the year	**(12 499)**	**(5 761)**	**36 068**	**(236 183)**	**(4 663)**	**(6 416)**	**(16 636)**	**(17 274)**	**1 604**	**(65 849)**	**–**	**(327 609)**
Capital expenditure	**10 054**	**1 137**	**2 233**	**11 121**	**134**	**–**	**221**	**129 860**	**4 139**	**–**	**–**	**158 899**

[a] Contributions for health insurance of $242.530 million from the self-insurance plans and other insurance plans segment against employee salaries of $241.984 million and non-employee compensation of $0.546 million.

[b] Internal cost recovery of $277.671 million from the common support services segment, internal transfer of property, plant and equipment of $240.647 million ($240.501 million from the common support services segment, $0.079 million from the human rights and humanitarian affairs segment, $0.05 million from the international justice and law segment, $0.015 million from the self-insurance plans and other insurance plans segment and $0.002 million from cooperation and development segment), funding of long-term employee benefits (after-service health insurance and repatriation grant) of $60.173 million from the self-insurance plans and other insurance plans segment, and travel fee allocation of $2.085 million from the common support services segment, offset by foreign exchange gains of $30.745 million. Corresponding expenses were employee salaries, allowances and benefits, non-employee compensation and allowances, grants and other transfers, supplies and consumables, travel expenses and other operating expenses.

[c] Internal cross-funding of $121.672 million ($88.459 million from the common support services segment, $22.016 million from the cooperation and development segment, $3.965 million from the political and peacekeeping affairs segment, $3.141 million from the human rights and humanitarian affairs segment, $2.758 million from the crime prevention segment, $1.244 million from the other segment, $0.064 million from global communications segment and $0.025 million from the international justice and law segment).

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 million 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).

Note 5
Comparison to budget

121. 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.

122. For IPSAS reporting purposes, approved budgets are the appropriations, commitment authorities and income estimates authorized by resolutions of the General Assembly.

123. The original budget for 2023 is the budget approved by the General Assembly for 2023 in its resolution 77/264 A–C. Actual income and expenditure amounts include commitments and actuals incurred in the period on the budget basis.

124. 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:	
Staff assessment	**Actual income 5.5 per cent more than the final budget** The higher-than-budgeted staff assessment results in part from the decision of the General Assembly to reduce staff assessment provisions by a total of $5.5 million in two consecutive years. The higher-than-budgeted salaries in 2023 in the General service and related categories also contributed to the higher actual staff assessment amounts.
General income	**Actual income 89.6 per cent more than the final budget** The variance is attributable mainly to higher-than-budgeted income relating to: (a) higher interest earned due to actual interest rate environment and the average balances available for investment; (b) the deferred recording in 2023 of the 2022 contributions from agencies, funds and programmes for their prorated share of the costs for the administration of justice; (c) refunds of prior year’s expenditure, including unused repatriation grant provisions older than two years, in line with the Financial Regulations and Rules of the United Nations; and (d) sale of used equipment, including from special political missions and the Economic Commission for Africa.
Services to the public	**Actual income 1501.8 per cent less than the final budget** The variance is attributable mainly to lower-than-budgeted net revenue from the sale of United Nations publications, owing to: (a) the delay in the release of major publications for which income was estimated; (b) the declining philatelic markets for United Nations postage stamps; and (c) the increase in losses from catering activities at Headquarters.
Expenditure:	
Overall policymaking, direction and coordination	**Actual expenditure 5.1 per cent less than the final budget** The variance is attributable mainly to underexpenditure for the Department for General Assembly and Conference Management due to: (a) lower-than-budgeted post costs due to higher-than-budgeted vacancy rates; and (b) lower-than-budgeted costs under other staff costs and contractual services because the related provisions, which allow the Department to supplement the budget for core staff, were not utilized in full owing to meetings and related services being postponed and cancelled.

Budget part	*Material differences greater than 5 per cent*
Human rights and humanitarian affairs	**Actual expenditure 5.9 per cent less than the final budget** The variance is attributable mainly to: (a) lower-than-budgeted costs under other staff costs and the travel of representatives in the Office of the United Nations High Commissioner for Human Rights, owing mostly to high vacancy rate for general temporary assistance positions, and travel restrictions in some countries, which also had an impact on the implementation of mandates; and (b) lower-than-budgeted post costs due to lower-than-budgeted average post adjustments in several locations.
Internal oversight	**Actual expenditure 5.7 per cent more than the final budget** The variance is attributable mainly to higher-than-budgeted post costs in the Office of Internal Oversight Services due to lower-than-budgeted vacancy rates, in both the Professional and above and the General service and related categories.
Staff assessment	**Actual expenditure 5.5 per cent more than the final budget** The higher-than-budgeted staff assessment results in part from the decision of the General Assembly to endorse the recommendation of the Advisory Committee on Administrative and Budgetary Questions to reduce staff assessment provisions by a total of $5.5 million in two consecutive years. The higher-than-budgeted salaries in 2023 in the General service and related categories also contributed to the higher actual staff assessment amounts.

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

125. 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)	**(3 370 212)**	–	–	**(3 370 212)**
Basis differences	(38 857)	(188 359)	–	(227 216)
Entity differences	(4 524 565)	–	61 054	(4 463 511)
Presentation differences	7 588 141	350 215	–	7 938 356
Actual amounts in statement of cash flows (statement IV)	**(345 493)**	**161 856**	**61 054**	**(122 583)**

126. 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.

127. 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.

128. 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.

129. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences because the budget reflects the 2023 annual budget.

Note 6
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Main pool (Notes 30 and 31)	683 104	804 536
Euro pool (Notes 30 and 31)	11 612	4 456
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (Note 30)	30 603	32 043
Other cash and cash equivalents	3 969	10 836
Total	**729 288**	**851 871**

130. Cash and cash equivalents include $362.8 million (2022: $395.5 million) held for the specific purposes of the relevant trust funds. Similarly, $132.7 million (2022: $141.7 million) in insurance funds and $58.1 million in long-term employee benefits funds (2022: $52.1 million) are restricted to specific purposes.

Note 7
Investments

31 December 2023

(Thousands of United States dollars)

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2023*
Current					
Main pool (Notes 30 and 31)	1 869 243	453 910	299 773	900 895	3 523 821
Euro pool (Note 30)	–	3 062	–	–	3 062
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (Note 30)	–	60 897	–	–	60 897
Derivative instruments: currency forwards	–		–	27 181	27 181
Subtotal	**1 869 243**	**517 869**	**299 773**	**928 076**	**3 614 961**

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2023*
Non-current					
Main pool (Notes 30 and 31)	584 717	141 988	93 772	281 808	1 102 285
Euro pool (Note 30)	–	481	–	–	481
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (Note 30)	–	183 187	–	–	183 187
Subtotal	**584 717**	**325 656**	**93 772**	**281 808**	**1 285 953**
Total	**2 453 960**	**843 525**	**393 545**	**1 209 884**	**4 900 914**

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**

131. The principal of two trust funds (United Nations Library Endowment Fund and Sasakawa-UNDRO Disaster Prevention Award Endowment Fund), amounting to $3.2 million (2022: $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 2023	*31 December 2022*
Member States[a]	882 304	353 137
Non-member States	685	524
Loss allowance on assessed contributions receivable	(230 610)	(229 666)
Assessed contributions receivable, net	**652 379**	**123 995**

[a] This amount includes outstanding regular budget assessments due from current Member States of $858.854 million as at 31 December 2023 and $329.658 million as at 31 December 2022.

Note 9
Voluntary contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2023*
Voluntary contributions	1 089 833	753 943	1 843 776
Loss allowance on voluntary contributions receivable	(18 003)	–	(18 003)
Voluntary contributions receivable, net	**1 071 830**	**753 943**	**1 825 773**

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2022*
Voluntary contributions	1 014 085	931 596	1 945 681
Loss allowance for voluntary contributions receivable	(1 802)	–	(1 802)
Voluntary contributions receivable, net	**1 012 283**	**931 596**	**1 943 879**

132. The non-current voluntary contributions receivable of $753.9 million (2022: $931.6 million) represent the discounted value of future year receivables. The current voluntary contributions receivable include $61.8 million (2022: $112.3 million) and non-current voluntary contributions receivable include $61.6 million (2022: $81.7 million) from the consolidation of the United Nations Development Programme (UNDP) multi-partner trust funds.

Note 10
Other receivable: receivables from exchange transactions and loans

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Loans receivable – loans provided by the Central Emergency Response Fund (Note 32)	30 000	30 000
Receivables due from peacekeeping operations (Note 32)	47 376	47 376
Receivables due from jointly financed administrative activities fund	–	37 000
Receivables from other United Nations entities	76 556	84 952
Other accounts receivable	34 024	30 617
Subtotal	**187 956**	**229 945**
Loss allowance for receivables due from peacekeeping operations (Note 32)	(47 376)	(47 376)
Loss allowance for receivables due from other United Nations entities	(1 780)	(6 480)
Loss allowance for other receivables	(2 545)	(2 220)
Total other receivables, net	**136 255**	**173 869**

Note 11
Inventories

133. Inventory balances held as at 31 December 2023 increased by 5 per cent compared with the balances held at the end of the previous year. Purchased inventory increased by 27 per cent and consumption by 31 per cent. During the year, receipts of inventory were greater than inventory consumed by 11 per cent. Increases in purchases occurred in strategic stock and stock held as consumables and supplies was offset by a reduction in the purchases of raw materials and inventory held for sale. The highest increase in inventory balances occurred in the United Nations Assistance Mission in Somalia and the Economic and Social Commission for Western Asia. In 2023, $2.3 million (2022: $1.7 million), in write-offs relating to consumables and supplies and strategic reserves were reported, relating mainly to inventory items from the United Nations Integrated Transition Assistance Mission in the Sudan that could not be retrieved because of the eruption of civil unrest in the country.

(Thousands of United States dollars)

	Held for sale	*Raw materials*	*Strategic reserves*	*Consumables and supplies*	*Total*
Opening inventory as at 1 January 2022	**2 489**	**121**	**747**	**27 969**	**31 326**
Purchase	2 535	500	544	17 018	20 597
Consumption[a]	(2 108)	(465)	(53)	(14 408)	(17 034)
Impairment and write-offs[a]	(92)	–	(131)	(1 449)	(1 672)
Total inventory as at 31 December 2022	**2 824**	**156**	**1 107**	**29 130**	**33 217**
Purchase	1 752	61	1 256	23 201	26 270
Consumption	(1 714)	(67)	(641)	(19 886)	(22 308)
Impairment and write-offs	–	–	(441)	(1 903)	(2 344)
Total inventory as at 31 December 2023	**2 862**	**150**	**1 281**	**30 542**	**34 835**

[a] Adjusted to allocate write-offs to strategic reserves.

Note 12
Other assets

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Advances to the United Nations Development Programme and other United Nations agencies[a]	26 144	37 517
Advances to vendors	7 385	3 649
Advances to staff	32 617	30 360
Advances to military and other personnel	5 195	3 758
Deferred charges	63 066	37 491
United Nations Development Programme multi-partner trust fund advances[b]	82 984	248 915
Other	21 977	20 484
Total other assets	**239 368**	**382 174**

[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 the United Nations Development Programme.

Note 13
Heritage assets

134. Specific 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 2023, United Nations Headquarters and ESCAP received donations of decorative art and paintings were received by the United Nations Office at Geneva. 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

135. The net book value of property, plant and equipment as at 31 December 2023 was $3,028.6 million (2022: $3,004.8 million). The total cost of acquisitions and transfers during the year was $163.1 million (2022: $177.8 million).

136. During the year, the Organization disposed of assets in the amount of $3.8 million at net book value (2022: $14.2 million). Equipment was written down by $0.9 million (2022: $1.4 million), owing to damages, normal wear and tear and other losses of $0.5 million (2022: $0.2 million) and theft of $0.4 million. Buildings and infrastructure were written down by $0.6 million (2022: $12.8 million) owing mainly to normal wear and tear. In addition, United Nations Integrated Transition Assistance Mission in the Sudan items that could not be retrieved because of civil unrest in the country are pending write-off approvals. An estimated disposal amount of $2.0 million was posted in December 2023 on the basis of a preliminary analysis provided by the liquidation team.

137. An impairment review was conducted, and no other significant impairment was identified.

Assets under construction

138. During the year, additions of $117.6 million (2022: $137.2 million) were capitalized as assets under construction, relating mainly to the refurbishment and

renovation of the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva ($65.4 million), replacement of office blocks A to J at the United Nations Office at Nairobi ($10.0 million), leasehold improvements in the ESCAP building in Bangkok ($8.2 million), and the renovation of Africa Hall at ECA ($10.7 million).

139. The strategic heritage plan of the United Nations Office at Geneva has a total projected cost of 836.5 million Swiss francs (equivalent to $1,001.8 million). Construction work is expected to continue until early in 2027, 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 400 million Swiss francs (see note 22, para. 195). The Africa Hall project was established with a maximum cost of $56.9 million. The project suffered delays in the construction processes but is expected to be completed during 2024.

140. Assets under construction amounting to $47.3 million (2022: $5.9 million) were completed and became operational, relating mainly to the completion of projects at the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva ($26.2 million), renovation of the Africa Hall at ECA ($4.7 million) and completion of leasehold improvements to the Economic and Social Commission for Western Asia building in Beirut ($1.7 million).

141. Assets under construction at year end in the amount of $467.5 million (2022: $397.2 million) comprise primarily the refurbishment and renovation of the Palais des Nations ($369.1 million), the renovation of Africa Hall at ECA ($24.6 million), leasehold improvements for ESCAP ($22.0 million), the replacement of office blocks A to J at the United Nations Office at Nairobi ($24.6 million), construction works at United Nations Headquarters ($11.4 million) and construction of buildings and infrastructure assets in special political missions ($5.3 million).

Finance lease assets

142. As at 31 December 2023, the cost of assets under finance leases amounted to $142.4 million ($47.3 million net book value), comprising donated right-to-use assets of $137.9 million at replacement cost ($47.3 million net book value) and a commercial lease for network equipment costing $4.5 million (nil net book value). The donated-right-to-use mostly represents the cost of the Vienna International Centre ($135.4 million at cost, $46.5 million at net book value).

143. The Vienna International Centre leases were established in 1979 for 99 years for four United Nations system entities (United Nations Office at Vienna, International Atomic Energy Agency, United Nations Industrial Development Organization and 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 euros ($596.6 million) and 288.0 million euros ($351.2 million), respectively. An annual review of the buildings management services ratio indicated a change in the ratio from 23.20 per cent in 2022 to 23.66 per cent in 2023. However, owing to immaterial impact, this change has not been considered necessary to recalculate in calculating the Centre's 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.

144. In 2023, a share of leasehold improvements made to the Vienna International Centre buildings in the amount of $1.6 million (2022: $1.5 million) was capitalized.

145. 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: 2023

(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 2022	**835 698**	**4 019 239**	**331 584**	**178 743**	**177 284**	**57 793**	**14 318**	**397 182**	**11 309**	**6 023 150**
Additions	–	7 338	671	14 844	14 695	3 135	683	117 618	(85)	158 899
Disposals	–	(19 184)	(3 701)	(11 341)	(16 290)	(3 124)	(779)	–	–	(54 419)
Completed assets under construction	–	42 201	1 407	–	821	–	–	(47 258)	2 829	–
Transfers	–	4 899	–	(1 266)	516	64	–	–	20	4 233
Cost as at 31 December 2023	**835 698**	**4 054 493**	**329 961**	**180 980**	**177 026**	**57 868**	**14 222**	**467 542**	**14 073**	**6 131 863**
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**
Depreciation	–	93 509	10 391	9 437	11 071	2 982	1 333	–	1 911	130 634
Disposals	–	(17 535)	(3 701)	(10 172)	(15 655)	(2 813)	(761)	–	–	(50 637)
Transfers	–	4 031	–	373	125	(36)	–	–	50	4 543
Impairment losses	–	36	–	205	48	13	–	–	–	302
Accumulated depreciation as at 31 December 2023	**–**	**2 563 309**	**230 894**	**122 633**	**131 703**	**39 563**	**7 247**	**–**	**7 868**	**3 103 217**
Net carrying amount										
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
31 December 2023	**835 698**	**1 491 185**	**99 067**	**58 347**	**45 323**	**18 305**	**6 974**	**467 542**	**6 205**	**3 028 646**

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**

Note 15
Intangible assets

146. The net book value of intangible assets as at 31 December 2023 was $147.2 million (2022: $144.7 million). The total costs of acquisitions and amortization during 2023 were $30.0 million and $26.8 million, respectively.

147. The total carrying value of the Umoja project as at year end was $113.7 million (2022: $117.4 million). Umoja-related development and enhancement 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.

148. During the year, additions of $28.0 million (2022: $26.4 million) were capitalized to assets under development, relating primarily to Umoja software of $19.3 million, and assets under development amounting to $21.2 million were completed and became operational.

149. Assets under development at year end amounting to $21.9 million (2022: $15.2 million) relate primarily to the development of meeting and delegate management software ($11.6 million), major Office of Information and Communications Technology enhancements, including related software ($8.6 million), improvements in a grants management system being developed by the Office for the Coordination of Humanitarian Affairs ($1.7 million) and upgrades to the new health insurance information system. All enhancements relating to the Umoja project were capitalized as integration enhancements, and no parts remain under development as at 31 December 2023.

Intangible assets: 2023

(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 2022	**315 372**	**22 722**	**16 364**	**154**	**–**	**15 202**	**369 814**
Additions	–	1 442	675	–	19 307	8 689	30 113
Disposals	–	–	–	–	–	–	–
Completed assets under development	19 307	1 915	–	–	(19 307)	(1 915)	–
Transfers	–	–	–	–	–	(95)	(95)
Cost as at 31 December 2023	**334 679**	**26 079**	**17 039**	**154**	**–**	**21 881**	**399 832**
Accumulated amortization as at 31 December 2022	**197 935**	**18 118**	**8 929**	**154**	**–**	**–**	**225 136**
Amortization	23 022	2 147	1 594	–	–	–	26 763
Disposals	–	–	–	–	–	–	–
Transfers	–	769	–	–	–	–	769
Accumulated amortization as at 31 December 2023	**220 957**	**21 034**	**10 523**	**154**	**–**	**–**	**252 668**
Net carrying amount							
31 December 2022	117 437	4 604	7 435	–	–	15 202	144 678
31 December 2023	**113 722**	**5 045**	**6 516**	**–**	**–**	**21 881**	**147 164**

Intangible assets: 2022

(Thousands of United States dollars)

					Assets under development		
	Umoja	*Other software developed internally*	*Software acquired externally*	*Licences and rights*	*Umoja*	*Other*	*Total*
Cost as at 31 December 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**

Note 16
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Payable to vendors	75 608	87 572
Transfers payable	28 804	14 969
Payable to other United Nations entities	132 077	102 011
Accruals for goods and services	124 803	140 228
Accounts payable – other	58 054	31 839
Subtotal	**419 346**	**376 619**
Payable to Member States	2 251	2 991
Working Capital Fund payable to Member States[a]	250 000	150 000
Subtotal	**252 251**	**152 991**
Total accounts payable and accrued liabilities	**671 597**	**529 610**

[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 2023	*31 December 2022*
Deferred revenue	121 514	126 291
Advance receipts from Member States	1 098	3 251
Total advance receipts and deferred revenue	**122 612**	**129 542**

Note 18
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2023*
After-service health insurance	78 153	3 696 703	3 774 856
Repatriation benefits	32 541	200 752	233 293
Annual leave	23 753	144 429	168 182
Total attributable to regular budget	**134 447**	**4 041 884**	**4 176 331**
After-service health insurance	15 704	962 059	977 763
Repatriation benefits	11 327	96 027	107 354
Annual leave	7 327	70 130	77 457
Total attributable to extrabudgetary resources	**34 358**	**1 128 216**	**1 162 574**

	Current	*Non-current*	*Total 31 December 2023*
Defined end-of-service/post-employment benefits liabilities	**168 805**	**5 170 100**	**5 338 905**
Appendix D/workers' compensation	2 834	44 618	47 452
Pension contribution liabilities	775	–	775
Insurance liabilities	10 217	–	10 217
Accrued salaries and allowances	96 217	56	96 273
Total employee benefits liabilities	**278 848**	**5 214 774**	**5 493 622**

(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**
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**

150. 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. The full actuarial valuation for after-service health insurance, annual leave and repatriation benefits 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 2023, while actuarially valued balances as at 31 December 2022 represent a roll-forward of the December 2021 valuation results.

151. 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.

152. 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.

153. The after-service health insurance programme is funded on a pay-as-you-go basis for assessed funding sources as medical benefits are accessed by retirees, with increasing costs attributable mainly to changing demographics, changing 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 relating to funding, the Organization periodically carries out a funding study of the after-service health insurance programme 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: main assumptions

154. The principal actuarial assumptions used to determine the employee benefits obligations at 31 December 2023 and 31 December 2022 are shown below.

Actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates 31 December 2023	4.10	4.95	4.93
Discount rates 31 December 2022	4.37	5.10	5.12

155. 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, a human capital and management consulting firm, in line with the decision of the Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

156. 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	*2023*	*2022*
United States plans		
Aetna/HIP/HMO – no Medicare	12 562	16 341
Aetna/HIP/HMO – Medicare	9 748	11 351
Blue Cross – no Medicare	13 837	12 990
Blue Cross – Medicare	8 000	11 107
Cigna Dental	894	1 087

Plan	*2023*	*2022*
Non-United States plans		
UNSMIS	6 093	7 155
Cigna WWP and FMIP/SMIP/GKK	3 494	3 808
MIP administered by UN	2 305	2 140
MIP administered by UNDP	1 438	2 140

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.

157. 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

158. 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 various currencies as shown below.

(Percentage)

	2023			*2022*		
Cost trend assumptions	*Initial*	*Final*	*Grade down*	*Initial*	*Final*	*Grade down*
United States non-Medicare	8.00	3.65	7 years	6.50	3.85	9 years
United States Medicare	7.40	3.65	7 years	6.50	3.85	9 years
United States dental	7.80	3.65	7 years	6.50	3.85	9 years
Non-United States (Switzerland)	8.00	2.35	4 years	4.25	2.55	6 years
Non-United States (eurozone)	7.70	3.95	12 years	5.20	4.15	11 years

Mortality rates

159. For defined benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables, pre-retirement mortality, and 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 2022 and December 2023 valuations is the weighted headcount mortality table provided by Buck, a firm which provides pensions and employee benefits consulting services.

Actuarial valuation: other assumptions

160. With regard to the valuation of repatriation benefits, inflation in travel costs was assumed to be 2.30 per cent in line with the guidance of the Task Force on Accounting Standards and based on the projected consumer price index over the coming 20 years (Aon Hewitt).

161. Annual leave balances were assumed to increase at the following annual rates during the staff member’s projected years of service: 0–1 year, 8.1 days; 2–3 years, 4.1 days;

4−8 years, 1.9 days; 9–15 years, 1 day; and 16 or more years, 0.4 days, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

162. The estimated duration of the benefit plans as at 31 December 2023 is as follows:

Benefits plan	*Estimated duration (years)*
After-service health insurance	21
Repatriation grant	8
Annual leave	7

163. The table below presents the currency allocation used to determine the discount rates and health-care cost trend rates applicable to each plan. For currencies other than the United States dollar, Euro or Swiss franc, the United States dollar was used as a proxy for the computation of the rates.

(Percentage)

Benefits plan		*United States dollar*	*Swiss franc*	*Euro*
After-service health insurance	Cigna WWP	73	6	21
	MIP	95	–	5
	UNSMIS	12	75	13
	GKK	–	–	100
	Other medical plans	100	–	–
Repatriation grant		100	–	–
Annual leave		100	–	–

Abbreviations: GKK, Wiener Gebietskrankenkasse; MIP, medical insurance plan; UNSMIS, United Nations Staff Mutual Insurance Society against Sickness and Accidents; WWP, worldwide plan.

164. Movement in post-employment benefit liabilities accounted for as defined benefit plans is shown below.

(Thousands of United States dollars)

	2023	*2022*
Net defined benefits liability as at 1 January	**4 884 776**	**6 177 481**
Current service cost	144 808	226 958
Interest cost	213 829	145 885
Total costs recognized in the statement of financial performance	**358 637**	**372 843**
Benefits paid	(155 695)	(163 895)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets[a]	251 187	(1 501 653)
Due to changes in financial assumptions	680 615	(1 501 653)
Due to changes in demographic assumptions	(101 622)	–
Due to experience adjustment	(327 806)	–
Net defined benefits liability as at 31 December	**5 338 905**	**4 884 776**

[a] The net cumulative amount of actuarial gains recognized in the statement of changes in net assets is $164.263 million (cumulative actuarial gain 2022: $415.450 million).

165. 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 with the following noted for the 2023 valuation:

(a) The actuarial loss due to financial assumptions of $671.6 million from valuation of the after-service health insurance benefit in 2023 is attributable mainly to a decrease in the discounts rates ($332.1 million) and increasing health-care costs for retirees ($314.2 million);

(b) Actuarial gain due to changes in demographic assumption ($100.9 million) reflects mainly a change in probability of marriage at retirement ($98.0 million). The probability was updated from 75 per cent for both genders in 2022 to 80 per cent for men and 50 per cent for women on the basis of the review of the 2017–2021 experience;

(c) Actuarial gain from the change in experience ($369.4 million) includes the compound effect of changes in the health plan enrolment, including enrolment with Medicare ($228.0 million) and a higher-than-expected mortality rate ($99.7 million), as well as the impact of staff turnover and other experience adjustments.

Actuarial valuation: discount rate sensitivity analysis

166. 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 2023	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(455 928)	(11 028)	(8 331)
As a percentage of year-end liability	(10)	(3)	(3)
Decrease of discount rate by 0.5 per cent	529 663	11 774	8 928
As a percentage of year-end liability	11	3	4

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

Actuarial valuation: medical costs sensitivity analysis

167. 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)

2023	*Increase*		*Decrease*	
Effect on the defined benefit obligation	10.79%	512 682	(9.39%)	(446 337)
Effect on the aggregate of the current service cost and interest cost	0.89%	42 319	(0.74%)	(35 269)
Total effect		**555 001**		**(481 606)**

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)**

168. Claims cost sensitivity analysis, at 65 years of age, is presented below.

Scenario	*After-service health insurance defined benefit liability as at 31 December 2023*	*Impact (thousands of United States dollars)*
Central	4 752 619	–
Increase by 1 per cent	4 798 261	45 642
Decrease by 1 per cent	4 706 977	(45 642)

169. Sensitivity analysis for changes in life expectancy is summarized below.

Scenario	*After-service health insurance defined benefit liability as at 31 December 2023*	*Impact (thousands of United States dollars)*
Central	4 752 619	–
Increase by 1 year	4 966 186	213 567
Decrease by 1 year	4 543 581	(209 038)

Other defined benefit plan information

170. 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 2023	87 907	43 247	24 541	155 695
31 December 2022	91 180	41 182	31 532	163 894

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Millions of United States dollars)

	2023	*2022*	*2021*	*2020*	*2019*
Present value of the defined benefit obligations	5 339	4 885	6 177	6 447	5 917

Funding of defined benefit liabilities: extrabudgetary resources

After-service health insurance

171. 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.

Repatriation benefits

172. 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.

173. The following tables provide a summary of the funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2023 and 31 December 2022.

2023

(Thousands of United States dollars)

Attributable to extrabudgetary resources	*Liability*	*Funded*	*Unfunded*	*Percentage of liability funded*
After-service health insurance	977 763	250 896	726 867	25.7
Repatriation benefits	107 354	200 278	–	186.5
Annual leave	77 457	–	77 457	–
Total	**1 162 574**	**451 174**	**804 324**	**38.8**

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**

174. Defined benefit liabilities pertaining to the regular budget have not been funded. The pertinent budget is provided on the basis of claims experience in previous years.

Other employee benefit liabilities

Appendix D/workers' compensation costs actuarial valuation: assumptions

175. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are increased for the cost-of-living allowance, decreased for mortality and then discounted to the present value. Obligations as at 31 December 2023, estimated at $47.5 million (2022: $40.8 million), are based on an actuarial valuation as at the same date. The actuarial loss of $0.5 million (2022: actuarial gain of $6.4 million) and actuarial gain of $0.9 million (2022: actuarial gain of $7.2 million) are attributable to regular budget and extrabudgetary resources, respectively.

176. The cost-of-living adjustment for 2023 as determined by Aon Hewitt is 2.3 per cent (2022: 2.4 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 2023 obligation. Appendix D/workers' compensation uses mortality assumptions based on World Health Organization statistical tables.

Appendix D/workers' compensation costs actuarial valuation: sensitivity analysis

177. 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 2023	*31 December 2022*
Increase of cost-of-living adjustment by 1 per cent	5 869	4 013
As a percentage of year-end liability	12.37	9.84
Decrease of cost-of-living adjustment by 1 per cent	(5 437)	(5 619)
As a percentage of year-end liability	(11.46)	(13.78)

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 2023	*31 December 2022*
Increase of discount rate by 1 per cent	(3 515)	(5 335)
As a percentage of year-end liability	(7.41)	(13.08)
Decrease of discount rate by 1 per cent	7 363	3 680
As a percentage of year-end liability	15.52	9.02

Appendix D/workers' compensation costs actuarial valuation: funding

178. The liabilities pertaining to the regular budget of $24.9 million (2022: $21.5 million) have not been funded. The pertinent budget is provided on the basis of claims experience in previous years.

179. The liabilities pertaining to extrabudgetary resources of $22.6 million (2022: $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 $107.5 million as at 31 December 2023 (2022: $93.5 million).

Accrued salaries and allowances

180. Accrued salaries and allowances include $31.9 million (2022: $27.1 million) in accrued salaries and home leave benefits of $53.2 million (2022: $43.0 million).

United Nations Joint Staff Pension Fund

181. 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.

182. The Organization's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly invokes the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

183. 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 was used by the Pension Fund for its 2022 financial statements.

184. 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 when the current system of pension adjustments was not taken into account.

185. 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.

186. 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 (2020, 2021 and 2022) amounted to $8,937.68 million, of which 18.9 per cent was contributed by the Organization.

187. During 2023, the Organization's contributions, including the staff portion, paid to the Pension Fund amounted to $606.6 million (2022: $553.6 million). The Organization expects to contribute approximately the same amount in 2024.

188. Membership in the Pension Fund may be terminated by a 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.

189. 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

2023

(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 2022	**361 521**	**1 088**	**849**	**128 460**	**491 918**
Additional provisions made	89 102	19 787	228	131 820	240 937
Amounts reversed	–	(960)	(9)	–	(969)
Amounts used	(249 157)	(68)	(54)	(128 460)	(377 739)
Provisions as at 31 December 2023	**201 466**	**19 847**	**1 014**	**131 820**	**354 147**
Current	201 466	19 847	519	131 820	353 652
Non-current	–	–	495	–	495
Total	**201 466**	**19 847**	**1 014**	**131 820**	**354 147**

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	–	(1 126)	(99)	–	(1 225)
Amounts used[a]	(60 259)	(39)	–	(121 823)	(182 121)
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**

[a] Restated to category "Amount used" instead of "Amount reversed".

190. The provisions for credits to Member States are composed mainly of net adjustments to prior-period expenditure of $71.9 million, net unencumbered balances of appropriations of $66.2 million and a net change of $63.3 million from staff assessment income, general income and income from services to the public.

Provisions for $19.8 million (2022: $1.1 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

191. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members, irrespective of 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.

192. 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. Given that 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 2023*	*31 December 2022*
Staff assessment receipts from:				
United Nations regular budget	67 634	239 795	307 429	286 820
Peacekeeping operations	48 083	130 336	178 419	173 538
International Residual Mechanism for Criminal Tribunals	1 698	5 239	6 937	7 736
Investment gain/(loss) split	990	3 169	4 159	(1 008)
Total staff assessment revenue	**118 405**	**378 539**	**496 944**	**467 086**
Staff costs and other	87 158	–	87 158	89 540
Contractual services	224	–	224	287
Credits given to other Member States for:				
United Nations regular budget	–	228 065	228 065	217 796
Peacekeeping operations	–	137 724	137 724	126 863
International Residual Mechanism for Criminal Tribunals	–	4 973	4 973	5 419
Total expenses	**87 382**	**370 762**	**458 144**	**439 905**
Net excess of revenue over expense	**31 023**	**7 777**	**38 800**	**27 181**

[a] This summary information presented in a table format shows the revenue and expenses of the Tax Equalization Fund, which have been eliminated in the financial statements of the United Nations as reported in volume I. An amount of $38.800 million, representing excess of revenue over expenses has been added to cumulative surplus balances during 2023 and transferred to the tax equalization liability financial statement line.

193. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2023 was $229.2 million (2022: $$190.4 million), consisting of amounts payable to the United States of America at year end of $193.1 million (2022: $162.1 million) and to other Member States of $36.1 million (2022: $28.3 million). The overall amount payable of the Fund is $291.4 million (2022: $250.2 million), which includes other liabilities of $1.8 million (2022: nil) and an estimated tax liability of $60.4 million relating to the 2023 and prior tax years (2022: $59.8 million), of which approximately $32.6 million was disbursed in January 2024 and approximately $27.8 million was expected to be settled in April 2024.

Note 21
Liabilities for conditional arrangements

(Thousands of United States dollars)

	31 December 2023	*31 December 2022*
Current		
Liabilities – cash received	42 159	50 952
Liabilities – cash not received	59 566	63 902
Subtotal	**101 725**	**114 854**
Non-current		
Liabilities – cash not received	24 975	21 411
Total conditional liabilities	**126 700**	**136 265**

194. Liabilities for conditional arrangements include cash received from donors, identified as conditional and not yet utilized, in the amount of $42.2 million (2022: $51.0 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 2023*
Liabilities under donated right-to-use arrangements	3 239	48 377	51 616
Straight-lining of operating lease	11 559	–	11 559
Borrowings	2 997	301 969	304 966
Other liabilities	4 433	17 595	22 028
Total other liabilities	**22 228**	**367 941**	**390 169**

(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

	Current	*Non-current*	*Total 31 December 2022*
Other liabilities	9 036	11 455	20 491
Total other liabilities	**27 732**	**303 823**	**331 555**

Borrowings

195. 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 (a public entity under the Government of Switzerland), for a maximum loan amount of 400 million Swiss francs. 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 2023, the nominal loan amount withdrawn was $330.7 million (equivalent to Swiss francs 276.1 million) and the nominal loan amount reimbursed was $9.0 million (equivalent to Swiss francs 7.5 million). Its corresponding fair value at amortized cost is $305.0 million. The loan is received at below the normal market rates and is therefore treated as a concessionary loan. Owing to the positive interest rate of a 30-year Swiss federal bond as at 31 December 2023, the statement of financial performance includes notional finance income of $3.6 million (2022: $15.8 million) relating to finance lease arrangements and associated strategic borrowings relating to the strategic heritage plan.

Note 23
Controlled multi-partner trust funds

196. 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 in which the Organization has control and is the principal

197. 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. Effective 1 April 2023, the Office has commenced administering these funds. The orderly closure of the multi-partner trust fund accounts with UNDP will take place once all projects funded have been implemented and closed.

198. 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.

199. Following the adoption of General Assembly resolution 71/1, entitled “New York Declaration for Refugees and Migrants”, in 2017 the Organization launched 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.

200. 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.

201. The coronavirus disease (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 fund and is considered as the principal in the fund.

202. The digital cooperation fund was created in October 2023, in line with the Secretary-General's Road Map for Digital Cooperation (see A/74/821), and is intended to strengthen digital cooperation for the global common good. The fund is led by a steering committee, which is chaired by the Envoy of the Secretary-General on Technology. The Organization therefore controls the fund and is considered its principal.

203. The multi-partner trust funds in which the Organization has control and is the principal are therefore consolidated in full in the Organization's financial statements. A summary of consolidated revenue, expenses and net assets of the controlled multi-partner trust funds is shown below.

(Thousands of United States dollars)

	Year ended 31 December 2023						
	Common humanitarian funds	*Peacebuilding funds*	*Multi-partner trust fund on migration*	*Haiti cholera response fund*	*COVID-19 response and recovery multi-partner trust fund*	*Digital cooperation fund*	*Total*
Revenue	90 665	133 806	–	35	76	2 210	226 792
Expenses	(273 488)	(182 935)	–	22	1 115	(610)	(455 896)
Net surplus/(deficit)	**(182 823)**	**(49 129)**	**–**	**57**	**1 191**	**1 600**	**(229 104)**
Net assets as at 31 December 2022	228 419	191 136	–	1 184	1 514	–	422 253
Net assets as at 31 December 2023	**45 596**	**142 007**	**–**	**1 241**	**2 705**	**1 600**	**193 149**

(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*	*Digital cooperation 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**

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 2023

(Thousands of United States dollars)

	Net assets/ (liability) as at 1 January 2023	Statement of changes in net assets: Actuarial gains/(losses) relating to actuarial valuation of employee benefits liabilities	Statement of changes in net assets: Other changes	Statement of financial performance: surplus/(deficit) for the year	Net assets/ (liability) as at 31 December 2023
Interest in joint arrangements: non-current assets					
United Nations System Staff College	6 044	–	–	908	6 952
Vienna International Centre Major Repair and Replacement Fund	1 452	–	90	(15)	1 527
Total non-current assets	**7 496**	**–**	**90**	**893**	**8 479**
Interest in joint arrangements: non-current liabilities					
International Trade Centre	(4 016)	(3 207)	531	370	(6 322)
United Nations Office at Vienna	(44 253)	14 817	(64)	(2 987)	(32 487)
Other joint ventures	(17 744)	(2 985)	(348)	764	(20 313)
Total non-current liabilities	**(66 013)**	**8 625**	**119**	**(1 853)**	**(59 122)**
Net interest in joint arrangements	**(58 517)**	**8 625**	**209**	**(960)**	**(50 643)**
Net contribution to joint arrangements[a]				79 416	
Statement II: contributions to and share of deficit of joint arrangements accounted for using the equity method				**80 376**	

[a] Represents the 2023 regular budget contribution to the funds accounted for under the joint venture equity method, comprising $58.408 million to joint financing arrangements, $20.163 million to the International Trade Centre, $0.150 million to the United Nations System Staff College and $0.695 million to the Vienna International Centre Major Repair and Replacement Fund.

Joint arrangements accounted for using the equity method, as at 31 December 2022

(Thousands of United States dollars)

	Net assets/ (liability) as at 1 January 2022	Statement of changes in net assets: Actuarial gains/(losses) relating to actuarial valuation of employee benefits liabilities	Statement of changes in net assets: Other changes	Statement of financial performance: surplus/(deficit) for the year	Net assets/ (liability) as at 31 December 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)**

	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*
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: non-current assets

204. 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 2023 core contribution, the Organization's share is 29.61 per cent (2022: 29.61 per cent). A summary of the financial performance and net assets position of the College is shown below.

205. 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 2023 (2022: $0.7 million), which represents 11.83 per cent of the total revenue received by the Fund in 2023 (2022: 11.60 per cent). A summary of the financial performance and the net assets position of the Fund are presented below.

206. 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 2023.

Joint arrangements accounted for using the equity method: non-current liabilities

207. ITC is a joint venture between the Organization and the World Trade Organization. Accordingly, the United Nations 50.0 per cent interest, based on its regular budget contribution of $20.2 million in 2023 (2022: $18.9 million), is accounted for using the equity method. A summary of the financial performance and net assets position of ITC is provided below.

208. 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;

Joint arrangements administered by United Nations Headquarters

(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**. The International Civil Service Commission 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.

209. 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 2023

(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*	*Joint arrangements administered by Headquarters*	*Total*
Current assets	249 948	30 419	14 319	908	28 823	324 417
Non-current assets	124 148	16 434	–	951	12 845	154 378
Total assets	**374 096**	**46 853**	**14 319**	**1 859**	**41 668**	**478 795**
Current liabilities	(85 585)	(6 187)	(1 408)	(3 875)	(14 136)	(111 191)
Non-current liabilities	(301 154)	(17 188)	–	(49 632)	(132 090)	(500 064)
Total liabilities	**(386 739)**	**(23 375)**	**(1 408)**	**(53 507)**	**(146 226)**	**(611 255)**
Net of total assets and total liabilities	**(12 643)**	**23 478**	**12 911**	**(51 648)**	**(104 558)**	**(132 460)**
Net assets: accumulated surplus/(deficit)	**(12 643)**	**23 478**	**12 911**	**(51 648)**	**(104 558)**	**(132 460)**

Joint arrangements accounted for using the equity method: statement of financial performance as at 31 December 2023

(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	Joint arrangements administered by Headquarters	Total
Revenue	159 525	22 635	6 006	49 301	164 581	402 048
Expenses	(158 784)	(19 567)	(6 134)	(53 190)	(165 847)	(403 522)
Surplus/(deficit) for the year	**741**	**3 068**	**(128)**	**(3 889)**	**(1 266)**	**(1 474)**
Net assets/(liabilities) at beginning of year	**(8 032)**	**20 411**	**12 513**	**(71 215)**	**(86 133)**	**(132 456)**
Surplus/(deficit) for the year	741	3 068	(128)	(3 889)	(1 266)	(1 474)
Actuarial gains/(losses) on employee benefits liabilities	(6 414)	(1)	–	23 556	(15 366)	1 775
Other changes in net assets	1 062	–	526	(100)	(1 793)	(305)
Net assets/(liabilities) at year end	**(12 643)**	**23 478**	**12 911**	**(51 648)**	**(104 558)**	**(132 460)**
Organization's interest in the joint arrangements (percentage)	50.00	29.61	11.83	62.90	19.40	
Share of surplus/(deficit) for the year	370	908	(15)	(2 987)[a]	764[b]	(960)
Share of actuarial gains/(losses) recognized directly in net assets	(3 207)	–	–	14 817	(2 985)	8 625
Share of other changes in net assets	531	–	90	(64)	(348)	209
Share of net assets/(liabilities) at year end	**(6 322)**	**6 952**	**1 527**	**(32 487)**	**(20 313)**	**(50 643)**

[a] Adjusted to reflect a change in the interest of the Organization from 62.14 per cent in 2022 to 62.9 per cent in 2023.
[b] Adjusted to reflect a change in the interest of the Organization from 20.6 per cent in 2022 to 19.4 per cent in 2023.

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	Joint arrangements administered by Headquarters	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*	*Joint arrangements administered by Headquarters*	*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.

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 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**
Impact of the adoption of IPSAS 41	(67)	1 217	–	(728)	(605)	(183)
Net assets as at 1 January 2023	**365 292**	**4 744 342**	**(4 525 245)**	**762 636**	**3 361 990**	**4 709 015**

	General Fund and related funds	*Trust funds*	*Long-term employee benefits funds*	*Insurance/workers' compensation funds*	*Other funds*	*Total*
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities (note 18)	(476)	–	(251 187)	939	–	(250 724)
Share of changes recognized by joint ventures directly in net assets (note 24)	8 744	–	–	–	90	8 834
Fair value gain on revaluation of investments recognized directly in net assets	6 117	21 022	2 511	14 285	7 309	51 244
Surplus/(deficit) for the year	(3 344)	(289 364)	(116 758)	50 908	30 949	(327 609)
Total changes in net assets	**11 041**	**(268 342)**	**(365 434)**	**66 132**	**38 348**	**(518 255)**
Net assets as at 31 December 2023	**376 333**	**4 476 000**	**(4 890 679)**	**828 768**	**3 400 338**	**4 190 760**

Net assets as at 31 December 2023

(Thousands of United States dollars)

	Accumulated surplus/deficit	*Reserves*	*Total net assets*
General Fund and related funds	376 333	–	376 333
Trust funds	4 476 000	–	4 476 000
Long-term employee benefits funds	(4 890 679)	–	(4 890 679)
Insurance/workers' compensation funds	747 068	81 700	828 768
Other funds	3 400 338	–	3 400 338
Total net assets	**4 109 060**	**81 700**	**4 190 760**

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**

Accumulated surplus

210. 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 because the Organization acts as the principal.

Reserves

211. Reserves comprise a premium stabilization reserve amounting to $1.4 million (2022: $1.4 million) with regard to the United Nations Group Staff Life Insurance Reserve Fund, and $80.3 million (2022: $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

212. 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 $220.9 million (2022: $209.2 million), of which $48.7 million (2022: $48.7 million) relates to the Special Account principal from contributions and $172.2 million (2022: $160.5 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

213. Assessed contributions of $3,278.2 million (2022: $3,131.2 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)

	2023	*2022*
Gross amount assessed to Member States[a]	3 217 716	3 151 896
Additional assessment[b]	(47 120)	(16 644)
Additional appropriation approved for the year[c]	–	47 120
Net (increase)/decrease in income other than staff assessment	(9 087)	(38 318)
(Increase)/decrease in staff assessment income	(28 360)	(15 109)
Adjustments against prior-period expenditure	(25 564)	(47 873)
Unencumbered balances of the reporting year	(26 096)	(40 138)
Utilization of adjustments against prior-period expenditure	89 728	32 231
Utilization of unencumbered balances of prior-period appropriations	106 833	57 890
Non-member States' assessments	176	172
Amount reported in statement II: assessed contributions	**3 278 226**	**3 131 227**

[a] In accordance with General Assembly resolution 77/264 C and ST/ADM/SER.B/1052 for 2023 and Assembly resolution 76/247 C and ST/ADM/SER.B/1038 for 2022.
[b] 2023 adjustment pertains to 2022 year and 2022 adjustment pertains to 2021.
[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.

Voluntary contributions

(Thousands of United States dollars)

	2023	*2022*
Voluntary monetary contributions	3 057 109	3 299 606
Voluntary in-kind contributions	66 353	98 530
Total voluntary contributions	**3 123 462**	**3 398 136**
Refunds	(11 499)	(12 596)
Net voluntary contributions	**3 111 963**	**3 385 540**

214. All voluntary contributions under binding agreements signed during 2023 are recognized as revenue in 2023, including the future portion of multi-year agreements. Voluntary monetary contributions include $6.3 million (2022: $2.7 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 relevant treaty or convention, and $204.9 million (2022: $$646.3 million) in consolidated voluntary contributions to the UNDP multi-partner trust fund.

215. During 2023, the total amount of voluntary contributions in kind recognized for right-to-use arrangements was $62.7 million (2022: $98.0 million) and the total amount of voluntary contributions in kind recognized for donated assets was $3.7 million (2022: $0.5 million).

216. 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 special purpose 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 special purpose trust fund are made in accordance with paragraph 10 of resolution 72/279 through voluntary, predictable, multi-year contributions, and amounted to $82.5 million in 2023 (2022: $95.0 million); a 1 per cent levy on tightly earmarked third-party non-core contributions to United Nations development-related activities, amounting to $70.4 million in 2023 (2022: $43.6 million); and a cost-sharing arrangement among United Nations development system entities, amounting to $75.1 million in 2023 (2022: $76.1 million) and reported as other transfers and allocations.

217. Major funds that received more than 82 per cent of voluntary contributions revenue recognized in 2023 are listed below.

(Thousands of United States dollars)

	2023	*2022*[a]
Trust fund for strengthening the Office of the Emergency Relief Coordinator[b]	1 729 038	1 571 978
Central Emergency Response Fund	251 049	469 855
Trust fund for the support of the Centre for Human Rights	168 587	250 323
Special purpose trust fund for the reinvigorated resident coordinator system	152 907	138 553
Trust fund for the Peacebuilding Support Office[c]	117 740	172 186
Trust Fund for the Junior Professional Officer Programme administered by the Department of Economic and Social Affairs	53 696	55 367

	2023	*2022[a]*
Trust Fund for United Nations Conference on Trade and Development technical cooperation projects	49 824	31 513
United Nations General Fund	41 415	75 456
Total major funds that received voluntary contributions	**2 564 256**	**2 765 231**
Other funds	559 206	632 905
Total voluntary contributions received	**3 123 462**	**3 398 136**

[a] Restated to conform to current year presentation showing major funds for 2023
[b] Includes voluntary contributions received through the multi-partner trust funds of $85.166 million (2022: $474.111 million).
[c] Includes voluntary contributions received through the multi-partner trust funds of $117.529 million (2022: $172.186 million).

218. Revenue for voluntary contributions recognized in 2023 is intended for the following years, as shown below.

(Thousands of United States dollars)

	Voluntary contribution
2023	2 267 674
2024	543 492
2025	211 650
2026	68 599
2027	22 459
Beyond 2027	9 588
Total voluntary contributions	**3 123 462**

Other transfers and allocations

(Thousands of United States dollars)

	2023	*2022*
Interorganizational arrangements	120 720	113 678
Other transfers and allocations	11 815	13 868
Total other transfers and allocations	**132 535**	**127 546**

Services in kind

219. 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 $20.5 million (2022: $17.2 million).

Note 27
Other revenue

(Thousands of United States dollars)

	2023	2022
Revenue from services rendered	186 090	158 791
Rental income	34 232	32 997
Revenue-producing activities and other miscellaneous revenue	38 680	32 432
Net foreign exchange gains	56 053[a]	–
Total other revenue	**315 055**	**224 220**

[a] See note 29 for net foreign exchange losses.

220. 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 the sale of equipment and inventories and donation of fixed assets.

Note 28
Self-insurance plans

Self-insurance funds: contributions

(Thousands of United States dollars)

	2023	2022
Health and dental insurance	485 145	467 683
Other contributions	10 280	9 522
Total contributions	**495 425**	**477 205**

Self-insurance funds: claims and expenses

(Thousands of United States dollars)

	2023	2022
Health and dental insurance	707 806	636 251
Other insurance claims paid	3 299	3 366
Total claims and expenses	**711 105**	**639 617**

Health and dental insurance plans

221. 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 some 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.

222. 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 relevant insurance providers.

223. 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 the 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, administered by Cigna International;

(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.

224. 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.

225. 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 2023 (thousands of United States dollars)*
United Nations Children's Fund	7 297	71 194
Office of the United Nations High Commissioner for Refugees	7 081	68 871
United Nations Development Programme	4 755	46 532
International Telecommunication Union	1 610	19 658
United Nations Population Fund	1 589	15 568
United Nations Environment Programme	1 518	14 910
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	771	9 515
World Meteorological Organization	711	7 501
International Residual Mechanism for Criminal Tribunals	656	5 502
United Nations Office of Projects Services	612	5 894
International Trade Centre	609	7 207
Secretariat of the United Nations Framework Convention on Climate Change	500	5 717

External entity/agency	Number of staff members/retirees enrolled	Amount contributed in 2023 (thousands of United States dollars)
United Nations Joint Pension Fund	428	9 166
United Nations Human Settlements Programme (UN-Habitat)	377	1 495
United Nations Office on Drugs and Crime	372	2 272
United Nations Relief and Works Agency for Palestine Refugees in the Near East	347	1 284
International Centre for Genetic Engineering and Biotechnology	169	1 579
United Nations Capital Development Fund	124	1 566
United Nations Industrial Development Organization	118	536
Secretariat of the United Nations Convention to Combat Desertification	107	1 290
Other (36 entities)	961	8 158
	30 712	**305 415**

226. 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 2023

(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	54 082	1 130	48 031	103 243
Investments	353 281	7 655	282 629	643 565
Other receivables	12 723	37	4 786	17 546
Other assets	38 690	355	1 926	40 971
Total assets	**458 776**	**9 177**	**337 372**	**805 325**
Liabilities				
Accounts payable and accrued liabilities	13 814	1 980	15	15 809
Employee benefits liabilities	19 387	206	8 691	28 284
Advance receipts and deferred revenue	2	–	–	2
Provisions	70 889	6 231	54 700	131 820
Total liabilities	**104 092**	**8 417**	**63 406**	**175 915**
Net of total assets and total liabilities	**354 684**	**760**	**273 966**	**629 410**
Net assets				
Accumulated surplus	354 684	760	193 666	549 110
Reserves	–	–	80 300	80 300
Total net assets	**354 684**	**760**	**273 966**	**629 410**

Health and dental self-insurance funds: statement of financial performance for the year ended 31 December 2023

(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				
Contributions for self-insurance funds[a]	507 998	36 731	177 924	722 653
Other revenue	–	–	26 931	26 931
Investment revenue	16 566	488	4 980	22 034
Total revenue	**524 564**	**37 219**	**209 835**	**771 618**
Expenses				
Self-insurance claims and expenses	507 589	37 113	163 104	707 806
Employee salaries, allowances and benefits	1 268	–	6 525	7 793
Supplies and consumables	–	–	2	2
Depreciation and amortization	–	–	133	133
Travel	–		1	1
Other operating expenses	17 372	2 149	156	19 677
Total expenses	**526 229**	**39 262**	**169 921**	**735 412**
Surplus/(deficit) for the year	**(1 665)**	**(2 043)**	**39 914**	**36 206**

[a] Eliminations of $237.508 million not included.

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
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				
Contributions for self-insurance funds[a]	503 184	35 552	156 939	695 675
Other revenue[b]	–	–	1 589	1 589
Investment revenue	1 572	75	–	1 647
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
[b] Restated to conform with current presentation.

Note 29
Expenses

Employee salaries, allowances and benefits

227. 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)

	2023	*2022*
Salary and wages	2 706 442	2 503 150
Pension and insurance benefits	497 841	467 738
After-service health insurance	85 747	95 879
Repatriation benefits	6 580	14 498
Leave benefits	24 435	15 186
Total employee salaries, allowances and benefits	**3 321 045**	**3 096 451**

Grants and other transfers

228. 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)

	2023	2022
Trust fund for strengthening the Office of the Emergency Relief Coordinator[a]	1 208 975	1 293 623
Central Emergency Response Fund	687 046	675 745
United Nations General Fund[b]	196 379	175 028
Trust fund for the Peacebuilding Support Office[a]	168 133	175 741
Voluntary trust fund for assistance in mine action	26 098	52 457
United Nations Fund for International Partnerships	14 213	14 821
Trust Fund for counter-terrorism	10 288	7 036
Total major funds that incurred expenses of grants and other transfers	**2 311 132**	**2 394 451**
Other funds	94 122	104 820
Total grants and other transfers[a]	**2 405 254**	**2 499 271**

[a] Includes grants and transfers to implementing partners through the multi-partner trust funds of $281.194 million (2022: $414.665 million).
[b] Includes grants provided to related party entities (Note 32).

229. 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 2023, the net transfers held by the implementing partners for project implementation were $2,458.7 million (2022: $1,808.73 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

230. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance and loss allowances for receivables.

(Thousands of United States dollars)

	2023	2022
Net foreign exchange losses[a]	–	134 815
Facilities, maintenance and repair, and utilities	114 862	105 707
Rent – offices and premises	96 863	101 114
Communication and information technology	107 356	100 383
Contributions in kind	59 235	94 441
Acquisitions of goods and intangible assets	61 917	74 012
Security, consulting, audit and legal services	72 794	68 620

	2023	*2022*
Air and ground transport	49 785	51 511
Bad debt write off/loss allowance expenses	12 575	(121 316)
Other[b]	189 760	183 692
Total other operating expenses	**765 147**	**792 979**

[a] See note 27 for net foreign exchange gains.
[b] Includes administrative services, meeting facilitation services, medical, training, insurance, public information, language, freight and other expenses.

Other expenses

231. Other expenses relate to ex gratia and compensation claims and other miscellaneous expenses.

(Thousands of United States dollars)

	2023	*2022*
Ex gratia and compensation claims	435	115
Other/miscellaneous expenses	633	709
Total other expenses	**1 068**	**824**

Note 30
Financial instruments and financial risk management

Summary of financial instruments

(Thousands of United States dollars)

	Reference	*31 December 2023*	*31 December 2022*
Financial assets			
Fair value through net asset/equity[b]			
Short-term investments: main pool[a]	Notes 7 and 31	3 523 821	3 227 822
Short-term investments: euro pool[a]	Notes 7 and 31	3 062	7 720
Short-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents[a]	Note 7	60 897	39 165
Total short-term investments through net assets/equity		**3 587 780**	**3 274 707**
Fair value through surplus and deficit			
Derivative instruments: currency forward contracts	Note 7	27 181	11 803
Total short-term investments		**3 614 961**	**3 286 510**
Long-term investments: main pool	Notes 7 and 31	1 102 285	1 563 039
Long-term investments: euro pool	Notes 7 and 31	481	448
Long-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 7	183 187	146 890
Total long-term investments		**1 285 953**	**1 710 377**
Total fair value of investments		**4 900 914**	**4 996 887**

	Reference	*31 December 2023*	*31 December 2022*
Cash and cash equivalents			
Cash and cash equivalents: main pool	Notes 6 and 31	683 104	804 536
Cash and cash equivalents: euro pool	Notes 6 and 31	11 612	4 456
Cash and cash equivalents: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 6	30 603	32 043
Cash and cash equivalents – other	Note 6	3 969	10 836
Total cash and cash equivalents		**729 288**	**851 871**
Receivables from exchange and non-exchange transactions and loans			
Assessed contributions	Note 8	652 379	123 995
Voluntary contributions	Note 9	1 825 773	1 943 879
Other receivables	Note 10	136 255	173 869
Other assets (excluding advances and deferred charges)	Note 12	804	747
Total of cash and cash equivalents, receivables from exchange and non-exchange transactions and loans at amortized cost		**3 344 499**	**3 094 361**
Total carrying amount of financial assets		**8 245 413**	**8 091 248**
Of which relates to financial assets held in main pool	Note 31	5 309 210	5 595 397
Of which relates to financial assets held in euro pool	Note 31	15 155	12 624
Of which relates to financial assets held in the United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 31	274 687	218 098
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	Note 16	671 597	529 610
Transfers payable		2 933	1 448
Tax Equalization Fund liability	Note 20	291 439	250 190
Other liabilities (excluding donated right-to-use arrangements)	Note 22	338 553	277 212
Total carrying amount of financial liabilities		**1 304 522**	**1 058 460**
Summary of net revenue from financial assets			
Net cash pool revenue[c]		241 878	21 919
Net United Nations Staff Mutual Insurance Society against Sickness and Accidents gain/(loss)[c]		2 968	(23 338)
Other investment revenue		9 396	3 950
Total net revenue from financial assets		**254 242**	**2 531**

[a] Short-term investments include accrued investment revenue of $50.730 million (2022: $28.399 million) for the main pool, $0.008 million (2022: $0.042 million) for the euro pool and $0.588 million (2022: $0.391 million) for the United Nations Staff Mutual Insurance Society against Sickness and Accidents.
[b] Financial assets were held at fair value through surplus or deficit in 2022.
[c] Unrealized gain of $51.244 million from cash pools mark to market revaluation is reported under the statement of net assets in accordance with IPSAS 41 in 2023. In 2022, the corresponding unrealized loss of $90.757 million was included as part of the investment revenue from cash pools.

Financial risk management

Overview

232. The Organization has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

233. The present note and note 31 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

234. 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

235. 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.

236. 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: cash pool investments and deposits

237. The Organization's investment management guidelines and risk and investment strategies define specific limits and restrictions in order to limit the exposure of credit risk to the portfolio. In addition, there is a limit of 5 per cent of any single outstanding issue or bond offering per pool, and any new issuer is subject to a credit review process and approval by the Treasurer prior to an investment decision. The expected credit loss assessment was conducted using the Fitch annual global default rating by applying the default rates on the basis of the credit rating of each issuer in which the Organization holds an investment. Given that investments are limited to highly rated institutions, the impairment loss on such investment is relatively small and assessed as not material.

Financial instrument	*Expected credit loss calculation method*	*Calculation for 2023*
Commercial paper	Using the (Fitch) annual global default and rating transition study	Considered not material
Certificate of deposit	Using the (Fitch) annual global default and rating transition study	Considered not material
Term deposit	Using the (Fitch) annual global default and rating transition study	Considered not material
Bond investment	Using the (Fitch) annual global default and rating transition study	Considered not material

Credit risk: contributions receivable and other receivables

238. 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: loss allowance

239. The Organization uses the simplified approach to evaluate the lifetime expected credit loss at each reporting date. The loss allowance is established on the basis of the historical loss rate and the exposure balance at year end for each financial asset category. 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 loss allowance for receivables

(Thousands of United States dollars)

	Loss allowance for receivables			
	Assessed contributions	*Voluntary contributions*	*Other receivables*	*Total*
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**
Loss allowance remeasurement	183	(1 173)	1 173	183
As at 1 January 2023	**229 849**	**630**	**57 249**	**287 728**
Loss allowance	761	17 373	(5 514)	12 620
Amounts written off	–	–	(34)	(34)
As at 31 December 2023	**230 610**	**18 003**	**51 701**	**300 314**

Amounts written off

(Thousands of United States dollars)

Fund/activity	*2023*	*2022*
United Nations General Fund and related funds	5	75
Trust funds	12	19
Other funds	17	69
Total	**34**	**163**

Ageing of assessed contributions receivable

240. The ageing and allowance of assessed contributions receivable is as shown below. The expected credit loss rate for assessed contributions receivable is 0.2 per

cent for less than one year, 1.8 per cent for one to two years and 91.7 per cent for more than two years of assessed contributions receivable as at 31 December 2023.

(Thousands of United States dollars)

	31 December 2023		*31 December 2022*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	582 327	957	75 764	852
One to two years	51 134	938	49 283	852
More than two years	249 528	228 715	228 614	227 962
Total	**882 989**	**230 610**	**353 661**	**229 666**

Other receivables and loss allowance

241. The ageing and loss allowance for receivables other than assessed contributions are as shown below. The historical outstanding balances for each customer type have been analysed and used to determine the historical loss rate. The expected credit loss rate for other receivables is then calculated by customer type. The rates vary and are applied to the current year's outstanding receivables balances for the loss allowance. The expected loss rate in the table below is an average of loss rate for United Nations operations (as reported in volume I) loss allowance over the outstanding receivables in the relevant ageing categories.

Voluntary contributions receivable and loss allowance

242. No expected credit loss allowance rates have been established for voluntary contributions receivable relating to regular trust funds owing to the nature of these transactions; write-off instances are infrequent and immaterial. For specific delinquent receivables identified as uncollectible, these are subject to a loss allowance. Voluntary contributions receivable other than regular trust funds adhere to the loss allowance methodology as stated in paragraph 45 above.

Ageing of voluntary contribution and other receivables

(Thousands of United States dollars)

31 December 2023	*Neither past due nor impaired*	*Less than one year*	*One to two years*	*Two to three years*	*More than three years*	*Total*
Trust fund voluntary contributions receivable	1 773 665	36 857	9 471	4 244	16 241	1 840 478
Allowance	–	655	1 357	731	14 646	17 389
Allowance rate (percentage)	–	1.8	14.3	17.2	90.2	0.9
Non-trust fund voluntary contributions receivable	1 903	780	92	135	388	3 298
Allowance	–	119	64	60	371	614
Allowance rate (percentage)	–	15.3	69.6	44.4	95.6	18.6
Other receivables	19 406	108 324	7 276	1 761	51 189	187 956
Allowance	–	627	417	211	50 446	51 701
Allowance rate (percentage)	–	0.6	5.7	12.0	98.5	27.5

31 December 2022	*Neither past due nor impaired*	*Less than one year*	*One to two years*	*Two to three years*	*More than three years*	***Total***
Trust fund voluntary contributions receivable	1 849 114	90 046	4 617	51	140	**1 943 968**
Allowance	–	–	1 154	31	140	**1 325**
Allowance rate (percentage)	–	–	25.0	58.8	100	**0.1**
Non-trust fund voluntary contributions receivable	876	162	231	62	383	**1 714**
Allowance	–	–	58	37	383	**478**
Allowance rate (percentage)	–	–	25.1	59.7	100	**27.9**
Other receivables	24 597	136 042	15 694	1 941	51 671	**229 945**
Allowance	–	–	3 721	806	51 549	**56 076**
Allowance rate (percentage)	–	–	23.7	41.5	99.8	**24.4**

Credit risk: cash and cash equivalents

243. At year end, the Organization had cash and cash equivalents of $729.3 million (2022: $851.9 million), which is the maximum credit exposure on those assets.

Credit risk: currency forward contracts

244. 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

245. The United Nations Treasury makes investments on behalf of the United Nations Staff Mutual Insurance Society against Sickness and Accidents. A significant proportion of these 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 573,120 shares of iShares SMI (Switzerland).

246. 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 2023				*Ratings as at 31 December 2022*			
Bonds (long-term ratings)					**Bonds (long-term ratings)**			
	AAA	*AA+/AA/AA-*	*A+/A-*	*Not rated/ withdrawn*	*AAA*	*AA+/AA/AA-*	*A+/A-/A1/A-1*	*Not rated/ withdrawn*
S&P Global Ratings	12.1	69.6	14.6	3.7	10.7	62.0	23.0	4.3
Fitch	11.9	53.5	15.0	19.6	5.7	65.0	14.8	14.5
	Aaa	*Aa1/Aa2/Aa3*	*A1*	*Not rated*	*Aaa*	*Aa1/Aa2/Aa3*	*A1*	*Not rated*
Moody's	13.7	77.8	3.8	4.7	12.5	80.1	4.3	3.1
Commercial paper/certificate of deposit					**Commercial paper/certificate of deposit**			
	AAA	*AA+/AA/AA-*	*A+/A-*	*F1+/F1*	*AAA*	*AA+/AA/AA-*	*A+/A-*	*F1+/F1*
S&P Global Ratings			100		–	–	100	
Fitch				100	–	–	–	100
			P–1				*P–1*	
Moody's			100		–	–	100	
Term deposit (Fitch viability ratings)					**Term deposit (Fitch viability ratings)**			
			a+/a				*a*	
Fitch viability rating			100				100	

Financial risk management: liquidity risk

247. 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.

248. Pursuant to the Financial Regulations and Rules of the United Nations, it is required 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.

249. 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.

250. The General Assembly, in its resolution 76/272, authorized the use of $100 million in unspent funds from the 2021 regular budget to increase, on an exceptional basis and without setting a precedent, the Working Capital Fund. Effective 1 January 2023, the Working Capital Fund of the regular budget increased to $250 million. During 2023, the periodic cash shortage in the regular budget

worsened compared with the previous year and the regular budget fund had to borrow from both the Working Capital Fund and the Special Account. The full balance of liquidity reserves of the Working Capital Fund of $250.0 million was borrowed in August 2023 and the loan could not be repaid in 2023.

251. In addition, an amount $216.5 million was borrowed from the Special Account in October 2023, of which $100.0 million was repaid in November 2023; however, owing to a further decline in liquidity, $100.0 million was again borrowed in December 2023. As at 31 December 2023, the total borrowing from the Working Capital Fund and the Special Account was $250.0 million and $216.5 million, respectively, representing the entire amount of liquidity reserves available (2022: nil). During 2023, the overall liquidity situation of the regular budget deteriorated dramatically compared with 2022.

Liquidity risk: investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

252. 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 17 years (2022: fewer than 18 years). The Society's liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

253. 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 Organization 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 (2022: 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 2023

(Undiscounted thousands of United States dollars)

	<3 months	*3 to 12 months*	*>1 year*	*Total*
Accounts payable and accrued liabilities	671 597	–	–	671 597
Transfers payable	–	–	2 933	2 933
Tax Equalization Fund liability	291 439	–	–	291 439
Other liabilities	18 990	–	319 564	338 554
Total	**982 026**	–	**322 497**	**1 304 523**

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**

Financial risk management: market risk

254. 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

255. 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. The average duration of the investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents was 2.30 years (2022: 2.63 years), which, within the investment objectives of the Society, is considered to be an indicator of low interest rate risk.

Market risk: currency risk

256. 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. Pursuant to management policies and the Investment Management Guidelines, the Organization is required to manage its currency risk exposure.

257. 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.

258. 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 in euros, Swiss francs and British pounds, together with 62 other currencies, as shown below.

Currency exposure as at 31 December 2023

(Thousands of United States dollars)

	United States dollar	*Euro*	*Swiss franc*	*British pound*	*Other*	*Total*
Main cash pool	5 246 433	42 174	6 142	4 273	10 188	5 309 210
Euro cash pool	–	15 155	–	–	–	15 155
Subtotal	**5 246 433**	**57 329**	**6 142**	**4 273**	**10 188**	**5 324 365**
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments	–	–	274 687	–	–	274 687
Total	**5 246 433**	**57 329**	**280 829**	**4 273**	**10 188**	**5 599 052**

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 risk: sensitivity analysis

259. 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 2023		*As at 31 December 2022*	
	Effect on net assets/surplus or deficit		*Effect on net assets/surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	5 733	(5 733)	5 338	(5 338)
Swiss franc (10 per cent movement)	28 083	(28 083)	22 568	(22 568)
British pound (10 per cent movement)	427	(427)	14	(14)
Colombian peso (10 per cent movement)	405	(405)	33	(33)

Currency risk: forward contracts

260. In 2023, the Organization entered into United States dollar-to-Swiss franc and euro forward contracts to hedge against currency risk in relation to the operations of various United Nations offices in Geneva, Vienna and The Hague being exposed to risks arising primarily from fluctuations in payments for staff costs in Swiss francs and euros. Net realized foreign exchange gains from those contracts amounted to $16.3 million for the year (2022: $17.5 million loss). The gains were recorded against staff and non-staff costs, resulting in a decrease in employee benefits and non-staff-related expenses. There were 24 (2022: 24) forward contracts outstanding as at 31 December 2023 with a notional amount of 345.5 million Swiss francs and 119.0 million euros, with an unrealized gain of $27.2 million, maturing in 2024.

Other market price risk

261. The Organization is not exposed to other significant market price risk, given that it has limited exposure to price-related risk with respect to expected purchases of specific commodities used in normal operations. Therefore, a change in those prices can alter cash flows only by an immaterial amount.

Classification and measurement

262. Investment in the cash pool is carried at fair value through net assets/equity. Cash and cash equivalents and receivables, including non-current voluntary contributions receivable reported at amortized cost calculated using the effective interest method and accounts payable, are valued at amortized cost, which is a fair approximation of fair value as at 31 December 2023.

Fair value hierarchy

263. The table below presents an analysis of financial instruments carried at fair value, by the fair value hierarchy level. 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).

264. 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 on the basis of the 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.

265. 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.

266. 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 (see para. 281).

Fair value hierarchy: United Nations Staff Mutual Insurance Society against Sickness and Accidents

(Thousands of United States dollars)

	31 December 2023			*31 December 2022*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through net assets/equity[b]						
Exchange – traded fund	79 235	–	79 235	61 685	–	61 685
Bonds – corporate	53 344	–	53 344	63 791	–	63 791
Bonds – non-United States agencies	84 011	–	84 011	44 408	–	44 408
Bonds – non-United States sovereigns				–	–	–
Bonds – supranationals	12 272	–	12 272	10 362	–	10 362
Certificates of deposit	–	5 995	5 995	–	–	–
Term deposits	–	5 988	5 988	–	5 417	5 417
Total[a]	**228 862**	**11 983**	**240 845**	**180 246**	**5 417**	**185 663**

[a] The total amount does not include accrued investment revenue of $0.588 million (2022: $0.391 million) and withholding tax refund receivable of $2.651 million.

[b] Financial assets were held at fair value through surplus or deficit in 2022.

Note 31
Financial instruments: cash pools

267. 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.

268. 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 from the pool participant, namely, the United Nations Staff Mutual Insurance Society against Sickness and Accidents.

269. As at 31 December 2023, the cash pools held total assets of $11,563.8 million (2022: $11,886.4 million), of which $5,324.4 million (2022: $5,608.0 million) was due to the Organization, and its share of revenue from cash pools was $247.5 million (2022: $21.9 million).

Summary of assets and liabilities of the cash pools as at 31 December 2023
(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Fair value through net assets/equity			
Short-term investments	7 554 712	3 054	7 557 766
Long-term investments	2 397 703	481	2 398 184
Total fair value through net assets/equity	**9 952 415**	**3 535**	**9 955 950**
Cash and cash equivalents and receivables held at amortized cost			
Cash and cash equivalents	1 485 897	11 612	1 497 509
Accrued investment revenue	110 348	8	110 356
Total amortized cost of financial assets	**1 596 245**	**11 620**	**1 607 865**
Total carrying amount of financial assets	**11 548 660**	**15 155**	**11 563 815**
Cash pool liabilities			
Payable to funds reported in volume I	5 309 210	15 155	5 324 365
Payable to other cash pool participants	6 239 450	–	6 239 450
Total liabilities	**11 548 660**	**15 155**	**11 563 815**
Net assets	–	–	–

Summary of revenue and expenses of the cash pools for the year ended 31 December 2023
(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Investment revenue	488 377	327	488 704
Investment revenue from cash pools[a]	**488 377**	**327**	**488 704**
Foreign exchange gains/(losses)	9 194	5	9 199
Bank fees	(808)	(1)	(809)
Operating revenue/(expenses) of cash pools	**8 386**	**4**	**8 390**
Total revenue from and expenses of cash pools	**496 763**	**331**	**497 094**

[a] Unrealized gain of $91.603 million from cash pools mark to market revaluation is reported under the statement of net assets in accordance with IPSAS 41 in 2023. In 2022, the corresponding unrealized loss of $137.1 million was included as part of the investment revenue from cash pools.

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**

	Main pool	*Euro pool*	*Total*
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**

Financial risk management

270. 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.

271. 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.

272. An investment committee evaluates investment performance periodically and assesses compliance with the Investment Management Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

273. Pursuant to the Investment Management Guidelines, ongoing monitoring of issuer and counterparty credit ratings is required. 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 fewer. The cash pools do not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

274. Pursuant also to the Investment Management Guidelines, it is required that investments not be made in issuers whose credit ratings are below specifications; they also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

275. 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 2023*					*Ratings as at 31 December 2022*			
Bonds (long-term ratings)					**Bonds (long-term ratings)**				
	AAA/AAAu	*AA+u/AA+/AA*		*Not applicable*		*AAA/AAAu*	*AA+u/AA+/AA*		*Not applicable*
S&P	37.1	62.9		-	S&P	33.8	65.9		0.3
	AAA/AAAu	*AA+/AA/AA-*	*A+*	*Not applicable*		*AAA*	*AA+/AA/AA-*	*A+*	*Not applicable*
Fitch	28.4	53.3	1.3	17.0	Fitch	61.9	22.5	0.2	15.4
	Aaa	*Aa1/Aa2/Aa3*		*Not applicable*		*Aaa*	*Aa1/Aa2/Aa3*		*Not applicable*
Moody's	61.9	30.5		7.6	Moody's	66.7	30.9		2.4
Commercial papers/certificates of deposit (short-term ratings)					**Commercial papers/certificates of deposit (short-term ratings)**				
	A-1+/A-1					*A-1+/A-1*			
S&P	100.0				S&P	100.0			
	F1+/F1			*Not rated*		*F1+/F1*			*Not rated*
Fitch	98.8			1.2	Fitch	97.7			2.3
	P-1/P2					*P-1/P2*			
Moody's	100.0				Moody's	100.0			
Term deposits/demand deposit account (Fitch viability ratings)					**Term deposits demand deposit account (Fitch viability ratings)**				
	aa/aa-	*a+/a/a-*				*aa/aa-*	*a+/a/a-*		*n/a*
Fitch viability rating	23.8	76.2			Fitch viability rating	35.9	64.1		

Euro pool	*Ratings as at 31 December 2023*				*Ratings as at 31 December 2022*			
Bonds (long-term ratings)				**Bonds (long-term ratings)**				
	AAA/	*AA/AA+*	*Not rated*		*AAA*	*AA, AA-, AA+*	*A-1+*	
S&P	34.9	65.1		S&P	15.0	85.0		
					AAA	*AA, AA-*		*Not rated*
Fitch	34.9	45.3	19.8	Fitch	15.0	63.7		21.3
	Aaa	*Aa1/Aa3*			*Aaa*	*Aa1, Aa2, Aa3*		
Moody's	34.9	65.1		Moody's	15.0	85.0		
Commercial papers/certificates of deposit (short-term ratings)				**Commercial papers/certificates of deposit (short-term ratings)**				
	A-1				*A-1*			
S&P	100.0			S&P	100.0			
	F1+/F1				*F1+/F1*			
Fitch	100			Fitch	100			
	P-1				*P-1*			
Moody's	100.0			Moody's	100.0			

276. 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

277. 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 is 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

278. 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 four years (2022: fewer than five years) in the main pool and two years in the euro pool (2022: three years). The average duration of investments of the main pool as at 31 December 2023 was 0.65 years (2022: 0.77 years). In addition, the average duration of investments of the euro pool as at 31 December 2023 was 0.07 years (2022: 0.28 years). These are considered to be indicators of low risk.

Cash pool interest rate risk sensitivity analysis

279. 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 net assets/equity, the change in fair value represents the increase or decrease in 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 2023

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	**66.56**	**49.92**	**33.28**	**16.64**	–	**(16.64)**	**(33.27)**	**(49.91)**	**(66.54)**
Total, euro pool	**0.02**	**0.01**	**0.01**	**0.00**	–	**(0.00)**	**(0.01)**	**(0.01)**	**(0.02)**
Total	**66.58**	**49.93**	**33.39**	**16.64**	–	**(16.64)**	**(33.28)**	**(49.92)**	**(66.56)**

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)**

Other market price risk

280. 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

281. All investments are reported at fair value through net assets/equity. 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 2023			*31 December 2022*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through net assets/equity[b]						
Main pool						
Bonds – corporate	118 115	–	118 115	65 200	–	65 200
Bonds – non-United States agencies	2 468 680	–	2 468 680	1 974 662	–	1 974 662
Bonds – supranational	770 234	–	770 234	789 587	–	789 587
Bonds – United States treasuries	1 185 059	–	1 185 059	1 348 056	–	1 348 056
Bonds – non-United States sovereigns	97 824	–	97 824	96 713	–	96 713
Commercial papers	–	510 193	510 193	–	1 747 461	1 747 461
Certificates of deposit	–	2 982 310	2 982 310	–	2 654 637	2 654 637
Term deposits	–	1 820 000	1 820 000	–	1 430 000	1 430 000
Total	**4 639 912**	**5 312 503**	**9 952 415**	**4 274 218**	**5 832 098**	**10 106 316**
Euro pool						
Bonds – corporate	–	–	–	474	–	474
Bonds – non-United States agencies	2 430	–	2 430	5 533	–	5 533
Bonds – supranational	–	–	–	1 058	–	1 058
Bonds – non-United States sovereigns	–	–	–	1 060	–	1 060
Certificates of deposit	–	1 105	1 105	–	–	–
Subtotal, euro pool	**2 430**	**1 105**	**3 535**	**8 125**	**–**	**8 125**
Total[a]	**4 642 342**	**5 313 608**	**9 955 950**	**4 282 343**	**5 832 098**	**10 114 441**

[a] The total amount does not include accrued investment revenue of $110.224 million (2022: $60.307 million) and withholding tax refund receivables of $0.132 million.
[b] Financial assets were held at fair value through a surplus or deficit in 2022.

Note 32
Related parties

Key management personnel

282. 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, the Chef de Cabinet, the Under-Secretaries-General for Management Strategy, Policy and Compliance, Operational Support, Economic and Social Affairs, Political and Peacebuilding Affairs and Peace Operations. It also consists of the Under-Secretaries-General for Policy, for the Office for Humanitarian Affairs, for Counter-Terrorism and for Legal Affairs. The High Commissioner for Human Rights and the Assistant-Secretary-General for Development Coordination 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.

283. These persons have the relevant authority and responsibility for planning, directing and controlling the Organization's activities.

284. The aggregate remuneration paid to the 23 (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)

	2023	*2022*
Salary and post adjustment	7 796	7 420
Other monetary entitlements	1 902	2 495
Non-monetary benefits	780	720
Total remuneration for the year	**10 478**	**10 635**

285. A residence, with an annual rental fair value equivalent of $0.8 million (2022: $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

286. The Organization provided grants to related party entities as shown below.

Grants provided to related party entities

(Thousands of United States dollars)

	2023	*2022*
United Nations Office on Drugs and Crime	34 657	33 986
United Nations Environment Programme	24 701	24 687
United Nations Human Settlements Programme (UN-Habitat)	16 578	16 800
International Trade Centre	20 163	18 937
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	10 474	10 011
United Nations Relief and Works Agency for Palestine Refugees in the Near East	37 998	34 667
Office of the United Nations High Commissioner for Refugees	44 664	42 211
Total	**189 235**	**181 299**

287. During 2023, the Central Emergency Response Fund issued $20.0 million to UNDP to undertake the "Safer" project in Yemen and $10.0 million to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In addition, $10.0 million was granted to the Office for the Coordination of Humanitarian Affairs to support Syria Cross-Border Humanitarian Fund allocations in the aftermath of a 7.8 magnitude earthquake. This amount was repaid in May 2023.

Loans granted to related party entities as at 31 December 2023

(Thousands of United States dollars)

	Amount outstanding as at 1 January 2023	*Amount advanced in 2023*	*Amount reimbursed in 2023*	*Amount outstanding as at 31 December 2023*
United Nations Relief and Works Agency for Palestine Refugees in the Near East	30 000	10 000	30 000	10 000
Office for the Coordination of Humanitarian Affairs	–	10 000	10 000	–
United Nations Development Programme	–	20 000	–	20 000
Total	**30 000**	**40 000**	**40 000**	**30 000**

Loans granted to related party entities as at 31 December 2022

(Thousands of United States dollars)

	Amount outstanding as at 1 January 2022	*Amount advanced in 2022*	*Amount reimbursed in 2022*	*Amount outstanding as at 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**

Trust fund activities relating to peacekeeping and tribunal operations

288. 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, by which volume II is limited to peacekeeping operations with special accounts established by the Security Council.

Trust fund activities related to peacekeeping operations
(Thousands of United States dollars)

	2023						2022		
Trust fund	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Fair value changes in investments recognized directly in net assets*	*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	1 561	–	–	–	1 561	1 556	5	–	1 561
Trust fund for Somalia – unified command	436	19	–	–	455	430	6	–	436
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	343	16	–	–	359	338	5	–	343
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 331	56	–	–	2 387	2 275	(145)	(201)	2 331
Trust fund in support of the Department of Peace Operations[a]	44 810	33 189	24 916	290	53 373	36 814	26 356	18 360	44 810
Trust fund to support the peace process in the Democratic Republic of the Congo	2 357	104	–	18	2 479	2 349	10	2	2 357
Trust fund to support the United Nations Interim Administration in Kosovo	1 172	51	–	–	1 223	1 155	17	–	1 172
Trust fund to support the Ituri Pacification Commission	8	–	–	–	8	8	–	–	8
Trust fund in support of the peace process in the Sudan	483	21	–	–	504	476	7	–	483
Trust fund for the African Union-United Nations Joint Mediation Support Team for Darfur	5 993	266	–	45	6 304	5 972	26	5	5 993
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 870	82	–	–	1 952	1 843	27	–	1 870
Subfund of the trust fund in support of the African Union Mission in Somalia	3 680	21 106	12 639	7	12 154	12 626	2 828	11 774	3 680
Trust fund to support lasting peace in Darfur	362	16	–	3	381	361	1	–	362
Trust fund in support of the African-led International Support Mission in Mali	784	35	–	6	825	782	3	1	784
Trust fund in support of peace and security in Mali	41 733	(7 398)	12 318	369	22 386	46 626	3 960	8 853	41 733
Trust fund for the United Nations Operation in Côte d’Ivoire	179	8	–	1	188	178	1	–	179
Trust fund in support of the political transition in Haiti	253	11	–	2	266	252	1	–	253
Trust fund in support of the African-led International Support Mission in the Central African Republic	215	9	–	2	226	215	–	–	215
Trust fund for the United Nations Mission in South Sudan	2 374	3 958	881	7	5 458	2 178	923	727	2 374
Trust fund in support of the elimination of Syrian chemical weapons	326	14	–	–	340	321	5	–	326
Trust fund to support peace and security in Cyprus	27	1	–	–	28	26	1	–	27
Trust fund to provide assistance to human rights victims in Kosovo	10	1	–	–	11	10	–	–	10

	2023					2022			
Trust fund	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Fair value changes in investments recognized directly in net assets*	*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)	607	239	381	5	470	1 062	169	624	607
Trust fund for the United Nations Integrated Transition Assistance Mission in the Sudan	6 042	136	3 929	30	2 279	–	6 727	685	6 042
Total	**117 965**	**51 940**	**55 064**	**785**	**115 626**	**117 862**	**40 933**	**40 830**	**117 965**

[a] Trust fund in support of the Department of Peace Operations expenses include the transfer of $0.126 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)

	2023					*2022*			
Trust fund	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Fair value changes in investments recognized directly in net assets*	*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	(502)	2 639	1 277	7	867	1 122	(328)	1 296	(502)
Total	**(502)**	**2 639**	**1 277**	**7**	**867**	**1 122**	**(328)**	**1 296**	**(502)**

The United Nations Foundation, Inc.

289. 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 through the following link: https://unfoundation.org/who-we-are/our-financials/un-foundation-un-relationship. During 2023, the Foundation made total contributions of $16.0 million to the United Nations Fund for International Partnerships (2022: $27.3 million). Audited financial statements of the Foundation can be found on its website (www.unfoundation.org)

Receivables due from peacekeeping operations

290. The Organization has receivables in the amount of $37.4 million (2022: $37.4 million) and $10.0 million (2022: $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 loss allowance has been recorded.

Note 33
Leases and commitments

Finance leases

291. The Organization leases specific 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 $47.3 million (2022: $51.1 million). The main portion of the donated right-to-use amount relates to the $46.5 million (2022: $50.1 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 relevant 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 2023, the statement of financial performance includes notional finance income of $3.5 million (2022: $15.8 million finance income) 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 2023	46 527	818	47 345
As at 31 December 2022	50 063	1 018	51 081

292. No future minimum finance lease payments exist under non-cancellable commercial finance lease arrangements.

Operating leases

293. 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 $104.7 million (2022: $123.2 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 2023	*As at 31 December 2022*
Due in less than 1 year	57 965	44 771
Due in 1 to 5 years	95 492	98 714
Due after 5 years	2 815	2 367
Total minimum operating lease obligations	**156 272**	**145 852**

294. The operating leases are, in general, 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

295. 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 2023	*As at 31 December 2022*
Receipts due in less than 1 year	10 269	9 907
Receipts due in 1 to 5 years	484	382
Receipts due after 5 years	–	–
Total minimum operating lease receipts (undiscounted)	**10 753**	**10 289**

296. As at 31 December 2023, the total of future minimum sublease payments expected to be received under subleases was $2.2 million (2022: $2.0 million).

Contractual commitments

297. 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 2023	*As at 31 December 2022*
Transfer of moneys to implementing partners	382 592	345 552
Property, plant and equipment	402 186	191 419
Intangibles	–	1 717
Goods and services	608 270	632 196
Total open contractual commitments	**1 393 048**	**1 170 884**

Note 34
Contingent liabilities and contingent assets

Contingent liabilities

298. 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.

299. Consistent with IPSAS, contingent liabilities are disclosed for pending claims in which the probability of an obligation and the potential outflow of resources cannot be measured with sufficient reliability. As at 31 December 2023, contingent liabilities were estimated at $44.8 million (2022: $40.7 million).

300. 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

301. 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 2023, no contingent assets (2022: $0.2 million) arose from the Organization's legal actions and interests in joint ventures that were likely to result in a significant economic inflow.

302. 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 2023 is $45.2 million (2022: $133.0 million). It includes a promised donation for the financing and construction of a new facility to ensure the preservation of the UN Archives Geneva at the United Nations Office at Geneva.

Note 35
Events after the reporting date

303. There have been no material events, favourable or unfavourable, that occurred between the date of the financial statements and that on which the financial statements were authorized for issue that would have had a material impact on these statements.

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