

**Opening statement to the Fifth Committee  
on the Reports of the Board of Auditors on Concise Summary, Volume I, ITC,  
UNCDF, UNDP, UNEP, UNFPA, UN-Habitat, UNICEF, UNITAR, UNHCR,  
UNODC, UNOPS, UNRWA, UNU, UN-Women and IRMCT.**

Mr. Chairman, distinguished delegates,

### ***Financial Performance***

11 entities closed the financial year with a surplus. 6 entities, namely, UN PKO, UNDP, UN-Habitat, UNHCR, UNRWA and IRMCT recorded a deficit. 4 entities recorded a deficit

### ***Impact of the Covid-19-Pandemic***

In 2019, none of the organizations covered by the CS were exposed to significant financial or non-financial impacts of the pandemic. With the subsequent global spread of the pandemic, the entities began to face operational challenges in 2020, as social distancing measures and travel restrictions were imposed. As the pandemic began to affect organizations only in 2020, data reported in the financial statements for the year 2019 were not affected. Some entities decided to disclose the pandemic in the notes to their financial statements as a non-adjusting material event after the reporting date, the impact of which cannot be reliably measured or assessed.

Social distancing measures and travel restrictions led the Board to conclude its financial and other audits remotely, although a number of field visits had been carried out earlier.

Now I would like to discuss some important findings from the different other reports:

### **Volume I**

#### ***Working Capital and Liquidity Management***

The borrowings from the Working Capital in the year 2019 could not be repaid owing to the insufficient liquid funds. Further, borrowings valuing \$202.8 million from Special Account were not repaid at the end of the year. The outstanding contribution was highest at year end 2019 in the last five years and the balance in the regular budget funds was the lowest. If the balances of Tax Equalization Fund and United Nations Development Fund which were used for managing the liquidity position of the regular budget by the Administration are considered, the liquidity position of the regular budget alters considerably. The common support funds too are not considered for regular budget liquidity, the reason for which was unclear.

#### ***Cost Recovery and Programme Support Cost***

The balance of the cost recovery fund increased by a \$100 million over last three years. There was wide variation in catalogue rates for similar activities among entities, instances of arbitrary change in active catalogue rates and lack of clarity on identification of staff whose costs are to be included in the cost plans and recovered. Cost plans of Programme Support Cost also did not have a standard template or granularity of details.

### ***Valuation of Defined End of Service Liabilities***

The Board noted errors in the Entry on Duty dates in a large proportion of test checked cases and advised that using UNJSPF data for actuarial valuation by the Administration is not a long-term solution.

### ***Implementation of Management Reforms***

The Board noted that a clear, codified division of roles and responsibilities at the micro and process level between DMSPC and DOS was yet to be formalized. The new Delegation of Authority framework did not include all entities. The Board noted t



Regional Offices, the Secretariat of the Convention on Biological Diversity and the Secretariat of the Bamako Convention.

## **UNFPA**

In the case of UNFPA, the Board noted room for improvement in the areas of procurement management, inventory management, programme management, cash transfers, travel management and the internal control framework. Giving the global situation of COVID-19, an emphasis of matter was included, regarding the coverage of assurance activities planned for the expenses incurred in 2019 related to implementing partners.

## **UN-Habitat**

The Board issued a number of recommendations in regard to voluntary contributions; implementation of projects: individual contractors; human resources; property, plant and equipment; procurement and accounts payable; travel management; office management; and ICT. Those areas need strong internal control and monitoring of activities in the country offices, regional offices and at Headquarters to ensure the efficient and effective delivery of the mandate of UN-Habitat.

## **UNICEF**

### ***Financial Management***

UNICEF classified 85 per cent of its ASHI investment portfolio of \$640.74 million as current investments which was not appropriate considering the nature of non-current investment with a long-time horizon to match the long term ASHI liability.

### ***Programme Management***

UNICEF Strategic Plan 2018 2021 describes five interlinked goal areas which together contribute to the 2030 Agenda for Sustainable Development. Goal Area 2-

three of the output indicators as the actual achievement was behind the targets for 2019. For another five output indicators, achievement against the various dimensions was not satisfactory for a number of countries.



## **UNHCR**

The finances of UNHCR remained sound with high levels of liquid assets. However, UNHCR identified the coronavirus pandemic as a material subsequent event with an impact that could not be reliably measured or assessed. The Board highlighted associated uncertainties and constraints since UNHCR is highly dependent on voluntary funding by a limited number of ten top donors. Furthermore, the coverage of independent third-party audits of implementing partner expenses dropped significantly. The Board issued an unqualified opinion and included an emphasis of matter with regard to these two exceptional matters. In the report the Board set a focus on the decentralization and regionalization process. The Board made several other observations in the areas of after-service health insurance, inventories, implementing partners, global fleet management, UNOPS contractors, deployment of a new registration case management system and data protection. Overall the Board made 55 new recommendations.

## **UNODC**

The Board found that information present in Umoja on staff roles was not consistent with that on the delegations of authority for the staff role holders. Therefore, several travel approvals and purchase order approvals had been authorized by staff who had either not been conferred a delegation of authority or had not accepted the delegation conferred.

## **UNOPS**

### ***Investments under S3I***

UNOPS authorized investments worth \$ 58.8 million from its reserves in 2018, 2019 and 2020 without any formal governance structure. A Memorandum of Understanding (MOU) was signed with a private partner on direct selection basis without competition or reviewing alternatives, for these investments.

### ***Project Management***

UNOPS provided for performance security in 72 per cent of the works contracts and only 9 per cent in the non-works category. UNOPS also did not include liquidated damages provision in 81.55 per cent of non-works category contracts. 43 (8.60 per cent) of 500 projects operationally closed projects remained to be financially closed even after the mandated period of 18 months.



### ***Bangkok Shared Service Centre (BSSC)***

The use of BSSC by UNOPS partners has largely been restricted to administration of Individual Contractors (ICAs). Governance mechanism in UNOPS to identify services that could be considered for transfer to BSSC needed to be strengthened. The Board noted the need for a documented IT strategy aligned with the road map for augmentation of shared services by BSSC.

### **UNRWA**

This concludes my introductory statement. I would be happy to provide any clarification or additional information that the Committee may require.

Thank you.



**Peter Korn**  
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**Chairman, Audit Operations Committee**