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Financial reports and audited financial statements, and reports of the Board of Auditors: United Nations peacekeeping operations

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning the United Nations peacekeeping operations for the financial period ended 30 June 2021

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2021 (A/76/5 (Vol. II)). During its consideration of the report, the Advisory Committee interacted remotely with the members of the Audit Operations Committee of the Board of Auditors, who provided additional information and clarification, concluding with written responses received on 3 February 2022. The Committee also interacted with representatives of the Secretary-General and discussed the findings of the Board in the context of the related report of the Secretary-General on the implementation of the recommendations of the Board (A/76/723). The representatives provided additional information and clarification, concluding with written responses dated 22 March 2022.

2. The comments of the Advisory Committee on some of the findings of the Board of Auditors are also provided in its report on cross-cutting issues related to the United Nations peacekeeping operations (A/76/760) and in its mission-specific reports as appropriate.

3. In its report, the Board indicates that it had audited peacekeeping headquarters, the 12 active and 34 closed missions and the six special-purpose accounts. During the 2020/21 period, the coronavirus disease (COVID-19) pandemic situation allowed the Board to audit peacekeeping operations from Headquarters in New York and from the Global Service Centre at Brindisi, Italy. The United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA), the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo, the liquidation of the African Union-United Nations Hybrid Operation in Darfur (UNAMID), the United Nations Mission in South Sudan and the Regional Service Centre in Entebbe, Uganda, were audited from the Global Service Centre (A/76/5 (Vol. II), chap. II, paras. 2 and 4). Upon enquiry, the Advisory Committee was informed that the ability to audit some peacekeeping operations from Headquarters and the Global Service Centre helped to significantly mitigate the negative impact of travel restrictions. For example, the Global Service Centre set up a video link with peacekeeping operations that allowed the Board to remotely control the cameras and/or cell phones of United Nations staff members in the missions to inspect inventories, property, plant and equipment and take photographs and videos.

4. **The Advisory Committee commends the Board of Auditors for the continued high quality of its reports, despite the difficulties resulting from the COVID-19 pandemic restrictions, and acknowledges the contribution of the lead auditor for peacekeeping operations over the years. While noting the lessons learned, the Committee considers that the remote audit of peacekeeping operations has been conducted exceptionally and trusts that the Board will be able to resume on-site audits as soon as possible (see also A/75/829, para. 4, and A/75/539, para. 5).**

Cooperation between the Administration and the Board of Auditors

5. The report of the Board of Auditors indicates that for the first time in the past six years, the Under-Secretary-General for Management Strategy, Policy and Compliance released an inter-office memorandum to heads of entity requesting them to provide comments and supporting documents needed by the Board to assess the implementation status of the open recommendations. The Board observed a higher level of responsiveness from the Administration than in previous years, which contributed to the high number of implemented recommendations. The Board recognized the increased efforts of the Administration to implement recommendations and provide supporting documents during the reporting period compared with previous years (A/76/5 (Vol. II), chap. II, paras. 10 and 12).

6. **The Advisory Committee recalls its recommendation, endorsed by the General Assembly in its resolution 74/249 B, that the Secretary-General fully cooperate with the Board of Auditors (see also A/74/806, para. 22). The Committee notes the improved cooperation between the Board and the Administration and encourages the Administration's continued engagement with the Board to facilitate the prompt implementation of its recommendations and foster a culture of accountability in the Organization (see also A/75/829, para. 7).**

Statement on internal control

7. The Board notes in its report another positive development during the reporting period: for the first time, the Secretary-General issued a statement on internal control, in which he stated that the Secretariat had operated under an effective system of internal control during 2020. The statement described responsibilities and outlined internal control issues. To prepare this document, all Secretariat entities, including peacekeeping missions, were required to review the risk control matrices, assess the relevant risks and controls and fill out self-assessment questionnaires developed by

the Internal Control Section to determine the existence and functioning of the internal controls at each entity. The Board reviewed the risk control matrices and the self-assessments of the peacekeeping operations and recommended, among other things, that the Administration perform cross-cutting analyses and workshops with missions to enhance feedback to missions and exchanges between missions; review the number of key controls in risk control matrices to determine opportunities for improvement in the statement on internal control; and assess the introduction of an electronic platform (A/76/5 (Vol. II), chap. II, paras. 36–42). Upon enquiry, the Advisory Committee was informed that multiple missions still needed to strengthen their internal controls in the areas of logistic processes, low-value acquisitions and staff performance and skills. The Committee was also informed that various parts of the internal control assessment could be factored into performance measurement, including compliance, the remediation of deficiencies and process improvements. The Board was of the view that these elements could be included in the compacts of senior staff.

8. **The Advisory Committee notes the Board's appreciation for the issuance of the statement on internal control and for the progress made by the Secretariat in strengthening the control environment (A/76/5 (Vol. II), chap. II, para. 39).** The Committee also considers the statement on internal control in its latest report on accountability (A/76/728, para. 33).

II. Observations and recommendations of the Board of Auditors for the period ended 30 June 2021

A. Main observations and recommendations

Financial overview

9. The Board indicates that the approved peacekeeping budget for the financial year 2020/21 amounted to $6.82 billion, which represents an increase of $0.01 billion compared with the previous year's budget. Expenditure decreased by 1.5 per cent from $6.71 billion in 2019/20 to $6.61 billion in 2020/21. An amount of $0.21 billion remained unutilized in 2020/21, compared with $0.1 billion in 2019/20 (A/76/5 (Vol. II), chap. II, para. 29). Upon enquiry, the Advisory Committee was informed that the underexpenditure was mostly attributable to the lower deployment of all categories of uniformed personnel and the lower number of flight hours resulting from COVID-19 travel restrictions. In 2020/21, the budget redeployments totalled $163.03 million, or 2.4 per cent of the original budget, compared with $196.57 million, or 2.9 per cent of the original budget, during the previous period (ibid., para. 32). Further details on the budget redeployments at the mission level are provided in annex II to the financial statements (see chap. V) of the Board's report.

10. The Board highlights that the financial positions of the different peacekeeping operations entities varied, particularly in terms of liquidity. While the cash ratio as at 30 June 2021 was above or close to 1 for several missions and support activities, it was close to zero for other missions. The Board was informed that the recurring cash shortage in the United Nations Mission for the Referendum in Western Sahara and the United Nations Interim Administration Mission in Kosovo persisted in 2020/21, and the liquidity of the United Nations Support Office in Somalia (UNSOS) was very low. These three missions borrowed from MINUSMA. The Board notes that arrears of assessed contributions for peacekeeping operations increased from $1.5 billion as at 30 June 2017 to $2.3 billion as at 30 June 2021 (A/76/5 (Vol. II), chap. II, para. 33, and chap. IV, para. 74). Upon enquiry, the Advisory Committee was informed that unpaid assessments for UNSOS amounted to $69.5 million as at 30 April 2021. The

Committee was also informed that the overall financial position of the peacekeeping operations as at 30 June 2021 was marginally better than the year before; however, liquidity remained the main issue and the cash ratio did not improve.

Mine Action Service

11. In its report, the Board notes that the Mine Action Service engages the United Nations Office for Project Services (UNOPS) as an implementing partner for almost all mine action activities. According to the memorandum of understanding between the Secretariat and UNOPS, the Mine Action Service, in general, must pay a management fee of 8.15 per cent to UNOPS, which adds a layer of overhead costs, as UNOPS hires third-party contractors. The Board indicates that for 2020/21, the Service provided UNOPS with funding amounting to $154.7 million for mine action activities in peacekeeping operations, which were conducted mainly by third-party contractors. The Board is of the view that it would be more cost-effective if the Mine Action Service had its own requisitioning function (A/76/5 (Vol. II), chap. II, paras. 43–44 and 46). Upon enquiry, the Advisory Committee was informed that the Procurement Division at Headquarters and the procurement sections of the missions purchase most of the assets for mine action services. The Committee was also informed that, under annex 2 of the current memorandum of understanding, the missions provide, at no cost to UNOPS, the following items: office and/or accommodation space for personnel; furniture and office equipment; stationery and supplies; vehicles, maintenance and fuel according to the mission entitlement; transportation on United Nations flights; communication services, including Internet, telephone, satellite communications; medical evacuations; and explosives.

12. In its previous report, the Board had recommended that the Administration obtain an independent analysis of the partnership between the Mine Action Service and UNOPS, and include in the next memorandum of understanding new stipulations to provide more transparency and ensure better use of Secretariat resources (A/75/5 (Vol. II), chap. II, paras. 175–176). Upon enquiry, the Advisory Committee was informed that the current memorandum of understanding has been extended until 30 April 2022. The negotiation on the revised memorandum of understanding was still ongoing as at 10 March 2022. Upon enquiry, the Committee was informed that UNOPS fees were part of the negotiation. In terms of the expected changes, the Committee was informed that clauses in the revised memorandum of understanding would be modified or added to provide greater clarity on several areas, such as scope, roles and responsibilities, the regulatory framework, payment schedules, reporting requirements and the related timelines. Moreover, the revised memorandum would be intended to cover all entities within the Secretariat, including the United Nations Human Settlements Programme (UN-Habitat), the United Nations Environment Programme and the United Nations Office on Drugs and Crime.

13. The Board also notes in its report that, following its recommendations from the previous period, the Administration had decided to transfer the positions of the Chiefs of the Mine Action Programme from UNOPS to the Secretariat. Upon enquiry, the Advisory Committee was informed that as an interim arrangement, the Controller had authorized, on an exceptional basis, the creation of seven general temporary assistance positions of Chief of the Mine Action Programme until 30 June 2022. The Board recommended that the Administration: (a) define, in the financial agreements with UNOPS, the hierarchies and reporting lines between UNOPS and the Chiefs of the Mine Action Programme; (b) determine which categories of assets the missions should provide to UNOPS for mine action projects and integrate the Chiefs of the Mine Action Programme into the oversight and management of project assets; and (c) specify, in one central catalogue document, which activities fall under the scope of the Mine Action Service (A/76/5 (Vol. II), chap. II, paras. 51, 57 and 61). The

Administration did not accept the recommendation to create the central catalogue, as it considered that mine action activities were reported regularly in the reports of the Secretary-General to the Security Council and in budget performance reports to the General Assembly, while the Mine Action Service performs continuous monitoring and oversight of the field programme activities. According to the Administration, producing a catalogue would not strengthen the monitoring and oversight performed by the Service (A/76/723, para. 15).

14. **The Advisory Committee concurs with the Board's recommendation to specify in a central catalogue the activities of the Mine Action Service and trusts that the memorandum of understanding between the Secretariat and UNOPS will be finalized rapidly and that updated information on this matter, including the management fee paid to UNOPS, will be provided to the General Assembly at the time of its consideration of the present report. The Committee is of the view that various aspects of the partnership between the Mine Action Service and UNOPS need to be clarified, including the role of the Chief of the Mine Action Programme, and that the services be provided to UNOPS at no cost.** The Committee further reviews issues related to the delivery of mine action services in its overview report on peacekeeping operations (A/76/760).

Liquidation of the African Union-United Nations Hybrid Operation in Darfur

15. In its report, the Board reviews the liquidation of UNAMID and identifies issues related to the delegation of authority, the lack of a human resources policy for downsizing and liquidation, and the payment of danger pay and termination indemnity.

Delegation of authority

16. The Board recalled that, in its resolution 2559 (2020), the Security Council decided to terminate the mandate of UNAMID as at 31 December 2020. The UNAMID head of mission, the African Union-United Nations Joint Special Representative for Darfur, left the mission on 31 January 2021. The Secretary-General appointed an Assistant Secretary-General (located at Headquarters) as Officer-in-Charge of UNAMID from 1 February to 30 June 2021. In a letter dated 28 June 2021, the Officer-in-Charge appointed the UNAMID Director of Mission Support as Officer-in-Charge of the mission on a temporary basis from 1 July 2021 until further notice. The Board was of the view that: (a) senior staff left the mission prematurely; (b) the delegation of authority process was not properly recorded because, pursuant to paragraph 1.2 of the Secretary-General's bulletin on delegation of authority (ST/SGB/2019/2), all delegations of authority should be issued and managed through the delegation of authority portal; and (c) the Director of Mission Support acted without "head of entity authority", as UNAMID had ceased to exist as an entity on 1 January 2021 (A/76/5 (Vol. II), chap. II, paras. 64–73).

17. To remedy this situation, the Board recommended that the Administration: (a) ensure that the delegation of authority to officers-in-charge was visible in the delegation of authority portal; and (b) define and codify the delegation of authority for administrative decisions regarding the management of resources, human resources included, for all drawdown and liquidation activities. The Administration accepted the recommendation. However, upon enquiry, the Administration cited the interpretation of the United Nations Legal Counsel that the legal character of an entity did not end with the end of the mandate and that its legal character remained until the entity was fully liquidated. The Administration also disagreed with the observation that no authority could be delegated outside of the portal, as paragraph 2.6 of ST/SGB/2019/2 refers to an automatic delegation on a temporary basis for Officer-in-Charge situations. The Administration argued that it followed a consistent practice

of issuing a delegation in the portal only when an Officer-in-Charge was appointed or endorsed by the Secretary-General. Nevertheless, the Administration indicated that ST/SGB/2019/2 would be revised to clarify situations in which the Officer-in-charge authority has been subdelegated (ibid., paras. 74–76). Upon enquiry, the Advisory Committee was informed that the revised Secretary-General's bulletin would also clarify the legal status of entities after the end of their mandates.

18. **The Advisory Committee concurs with the Board's recommendations on the delegation of authority. Noting that the purpose of delegation of authority is to achieve decentralization of decision-making, the Committee considers that there is a need to further define individual accountability, in particular in instances of co-responsibility between Headquarters and field locations, in particular in periods of transition, such as during the establishment or liquidation of field missions (A/76/728, para. 29).**

Lack of a human resources policy for downsizing and liquidation

19. The Board recalled its previous recommendations to keep staff members available until after the liquidation date of peacekeeping missions to finalize outstanding tasks and to ensure that heads of field units stay at their posts and remain responsible for the closure of their units (A/74/5 (Vol. II), chap. II, para. 389, and A/72/5 (Vol. II), chap. II, para. 464). The Board also recalled that in 2018 and 2019, the Secretary-General pledged to the General Assembly that an organization-wide human resources downsizing policy focusing on organizational restructuring, including its impact on staff, had been developed by the Department of Management and was close to finalization (A/72/756, para. 153, and A/73/750, para. 212). The policy has not been promulgated as of March 2022 (A/76/5 (Vol. II), chap. II, paras. 84–85).

20. The Board considered that the absence of this policy influenced the decision to select the members of the UNAMID liquidation team without a comparative review. The Board indicated that the mission had developed guidelines on personnel separation that stipulated that a comparative review would be undertaken during drawdown as required. The Board was of the view that UNAMID had not complied with its own separation guidelines. The Administration considered that the decision on how to compose the liquidation team had been taken by UNAMID in accordance with an authority delegated by the Secretary-General to the mission and not through the respective department authority, whose role was advisory. The Board was of the view that the extent of the authority delegated to the Director of Mission Support put him in a difficult position, as he had to interact on a daily basis with staff whose appointments he was supposed to terminate (ibid., paras. 98–100). Upon enquiry, the Advisory Committee was informed by the Administration that the comparative review applied only to the drawdown phase of UNAMID, and the comparative review process had never been used for the establishment of a liquidation team.

21. The Board recommended that the Administration promulgate a human resource downsizing policy for drawdown and liquidation (ibid., para. 95). The Administration did not accept this recommendation and requested that the Board close the prior recommendations on the retention of senior staff during liquidation, as it considered that a policy focusing on keeping staff members available until after the liquidation date and ensuring that heads of field units stay at their posts and remain responsible for the closure of their units would not be implementable. Upon enquiry, the Administration, citing the provisions of ST/AI/2010/3 on the staff selection system, noted that should a candidate, including a staff member in a peacekeeping or special political mission, be selected for a position in another duty station, the release of that candidate should be no later than two months after the notification of the selection decision and, should the selected candidate fail to report within the specified time, another candidate from the list may be selected for the position. The Administration further emphasized that it could

not infringe on the right of staff to apply and be selected for positions and that the Department of Operational Support intervened with entities to negotiate the release dates of senior staff. The Administration informed the Board that it had taken measures to mitigate issues of human resources related to downsizing situations, including through the issuance of guidance and the establishment of a surge capacity mechanism (ibid., para. 97). In his report on the implementation of the Board's recommendations for 2020/21, the Secretary-General also indicated that a downsizing policy was under preparation (A/76/723, paras. 20–21). Upon enquiry, the Advisory Committee was informed that the purpose of the new policy was to determine the order of retention and to facilitate the placement of staff within and outside the downsizing entity, and not to ensure continuation in the liquidation team.

22. **The Advisory Committee concurs with the recommendation of the Board of Auditors and recommends that the General Assembly request the Secretary-General to present for its consideration and approval the human resources downsizing policy for drawdown and liquidation as a matter of priority, and trusts the policy will address, among other things, the issue of the premature departure of senior mission staff during drawdown and liquidation (see also A/75/822, para. 75, A/74/737, para. 60, and A/73/755, para. 75). The Committee notes the observations of the Board on the use of the comparative review processes for the selection of liquidation teams and trusts that further consultation will be conducted with the Administration to address the concerns of the Board.**

Danger pay

23. The Board found that UNAMID paid danger pay to 66 staff members who were expected to work from home and consequently were not physically present in the mission area. According to the provisions of the administrative instruction on danger pay (ST/AI/2020/6, para. 6.1), danger pay is payable to eligible staff members who are present in a location approved for danger pay. The Board recommended that the Administration ensure compliance with the administrative instruction and that danger pay be paid only to staff members who are physically present in eligible locations. The Board also recommended that the Administration review the possibility of reclaiming danger pay awarded to non-eligible staff. The Administration accepted the recommendation and stated that it had implemented the first part of the recommendation and was making all possible efforts to recover the estimated overpayment of $114,000 (A/76/5 (Vol. II), chap. II, paras. 78–83). Upon enquiry, the Advisory Committee was provided with the table below on the entitlements and benefits that would not be paid, under certain conditions, when a staff member was away from the duty station.

Reasons benefits and entitlements are not paid when a staff member is not present at a duty station

Benefits and entitlements	*Reasons*
Mobility, hardship and non-family service allowance	The staff member is either on special leave without pay or away from the duty station for reasons other than annual leave or official travel
Danger pay	
Rest and recuperation	The staff member is away from the duty station
Medical evacuation	
Illness or accident during travel on official business (appendix D to the Staff Rules)	The staff member is on leave
Rental subsidy	The staff member has terminated the lease agreement or the lease agreement has expired and the staff member is not paying rent at the duty station
Education grant and related allowances	The staff member is either on special leave without pay or in the home country/place of home leave for reasons other than annual leave or official travel
Home leave	The staff member is either on special leave without pay or in the home country/place of home leave for reasons other than annual leave or official travel
Family visit travel	
Repatriation grant	

24. **The Advisory Committee concurs with the Board's recommendation on danger pay and trusts that updated information on the recovery of overpayment will be provided to the General Assembly at the time of its consideration of the present report.**

Termination indemnity

25. The Board found that UNAMID had offered to pay an enhanced termination indemnity to 187 staff members who held permanent or continuing appointments and were to be separated. In addition, the mission had offered to pay an exceptional termination indemnity to 17 staff members who also held permanent and continuing appointments and were to be separated but had reached the normal retirement age. In exchange, the staff members would sign memorandums of understanding in which they would agree not to contest the separation and acknowledge that they would not be eligible for employment by the United Nations for three years. The Board determined that as at 11 November 2021, 85 memorandums of understanding had been signed, and assessed that, between May and October 2021, 88 staff members had received a termination indemnity. In total, the United Nations paid staff members $9.3 million, including $2.4 million in enhanced termination indemnities. The Board indicated that, on the basis of staff regulation 9.3 (a), the Secretary-General may terminate the appointment of staff members holding continuing appointments if the necessities of service require the abolishment of the post or a reduction in staff. Staff rule 9.6 (e) establishes an order of retention, giving preference to continuing

appointments over other types of appointments.[1] In accordance with staff regulation 9.3 (d), an enhanced termination indemnity of not more than 50 per cent higher than that which would otherwise be payable under the Staff Regulations and Rules of the United Nations may be granted when circumstances warrant it (A/76/5 (Vol. II), chap. II, paras. 102 and 105–106).

26. The Board considered that the decision of the Administration to pay enhanced and exceptional termination indemnities was not made in the best interest of the Organization. The information provided by the Board in its report shows that the payments were made in view of the difficulty in placing UNAMID staff members who were to be separated from the Organization, and to prevent litigation. However, the Board argued that the Administration was obliged to search for, not to find, other suitable posts. According to the Board, if the Administration were able to demonstrate that it had not found any other suitable post for an individual staff member, the staff member's management evaluation request or appeal to the United Nations Dispute Tribunal would stand no chance of succeeding. In addition, the Board assessed that the maximum amount of enhanced termination indemnity was paid to all staff members who held a permanent or continuing appointment, without any scrutiny as to whether paying the maximum amount was justified in each individual case. With regard to staff members who had reached the normal age of retirement, the Board considered that, on the basis of staff rule 9.8 (c), a termination indemnity should not be paid to any staff member who, upon separation from service, would receive a retirement benefit under article 28 of the Regulations of the United Nations Joint Staff Pension Fund (ibid., paras. 102 and 110–112).

27. The Board recommended that the Administration: (a) ensure compliance with the Staff Regulations and Rules of the United Nations to avoid unjustified indemnity payments after comprehensive placement efforts; and (b) pay enhanced indemnities only after considering each case individually. The Administration did not accept the first recommendation because it was of the opinion that there was an obligation to pay an exceptional termination indemnity to a staff member holding a permanent or continuing appointment who had not yet reached her or his normal age of retirement when the appointment was terminated. According to the Administration, the Organization was legally bound to respect the revised appointment end dates of staff members over the age of 60 whose permanent or continuing appointments would expire at their mandatory age of separation at age 65, instead of at age 60 or 62, owing to the increase in the mandatory age of separation (ibid., paras. 114–121). Upon enquiry regarding the placement effort, the Advisory Committee was informed that in May 2021, the Administration established a placement team in the Office of Human Resources that managed to place 93 members of the liquidation team in various positions within the Organization.

28. **The Advisory Committee notes the Board's recommendation that the Administration ensure compliance with the Staff Regulations and Rules of the United Nations and avoid unjustified indemnity payments after comprehensive placement efforts, and concurs with the recommendation that enhanced indemnity be paid only after considering each case individually.**

Supply chain management

29. In its report, the Board notes several deficiencies in the management of property, plant and equipment, and in inventory, at peacekeeping operations. These deficiencies were related to the determination of stock levels, excess stockholdings and vehicles,

[1] In accordance with staff rule 13.1 (d), staff members with permanent appointments shall be retained in preference to those on all other types of appointments (including continuing appointments).

the declaration of ageing stock as surplus and the acquisition of items already in stock. The Board considered that missions should establish stock levels as stipulated in the manual on centralized warehousing operations. While noting that the Administration had established some efficiency measures and plans to initiate further measures in the future to improve the management of stocks, the Board recommended that a centralized analysing and enforcing function be established to: (a) perform cross-cutting analyses of missions' and services centres' property, plant and equipment and inventory holdings to achieve economies of scale; (b) identify potential surplus holdings and initiate corrective actions; (c) ensure the continuing management of asset disposal; and (d) eliminate disadvantages for missions and services centres (A/76/5 (Vol. II), chap. II, paras. 130–134). The Administration accepted the recommendation and set the third quarter of 2024 as the target date for its implementation (A/76/723, para. 26). The Advisory Committee notes that the Board has repeatedly highlighted in its previous reports the importance of Umoja not only as a system for financial reporting purposes, but for administering other core administrative processes such as human resources or supply chain management (A/75/5 (Vol. II), para. 101, A/74/5 (Vol. II), para. 92, and A/72/5 (Vol. II), para. 190).

30. **The Advisory Committee concurs with the recommendation of the Board on supply chain management and recalls that, in its resolution 75/242 B, the General Assembly requested the Secretary-General to continue to strengthen accountability, oversight and internal controls, including in the areas of procurement and asset management across peacekeeping missions.**

B. Other observations and recommendations

Fraud and presumptive fraud

31. The Board indicates that the Office of the Controller reported 13 cases of fraud involving an amount of $0.24 million, compared with 23 cases involving an amount of $0.08 million during the previous period. The Controller also reported 111 cases of presumptive fraud involving an amount of $0.76 million, compared with 100 cases involving an amount of $2.86 million during the previous period (A/76/5 (Vol. II), chap. II, paras. 155–157 and table II.4). Upon enquiry, the Advisory Committee was informed that the list of cases of fraud and presumptive fraud showed no remedial action for the 111 cases of presumptive fraud and for 7 cases of fraud. The Committee was also informed that according to the Board, changes arising from the work on the statement of internal control have the potential to enhance fraud prevention.

32. **The Advisory Committee reiterates its concern about the number of cases of fraud and presumptive fraud and reiterates the need for a greater emphasis on fraud awareness and prevention by the Secretary-General and for further consideration of this issue in future reports of the Board of Auditors (see also A/74/806, para. 21). The Committee trusts that information on the amount recovered will be presented to the General Assembly at the time of its consideration of the present report.**

Outlook

33. In its report, the Board of Auditors uses the experience of its outgoing lead auditor for peacekeeping operations, who served on the Board for six years, to provide its view on the following areas, which it assesses as being particularly important for peacekeeping operations and may require action by the Administration in the coming years:

(a) **Results-based management and Umoja**. The Board recalls that Umoja was implemented in three phases. The first two phases, Umoja Foundation and Umoja

Extension 1, implemented administrative processes. The third phase, Umoja Extension 2, provided, inter alia, the strategic planning, budgeting and performance management solutions. The Board also recalls that in his twelfth and final progress report on the enterprise resource planning project (A/75/386), the Secretary-General stated that the Secretariat's reform of the regular budget, which now links the objective for each subprogramme to a set of activities and to results, had provided momentum towards strengthening results-based management. However, the Secretary-General pointed out that differences between the peacekeeping operations budget and the new regular budget in relation to many areas, such as budget periods, strategic framework structures, budget classes and performance reporting methodologies, created several challenges. The Board considers that a concerted effort on the business side, including engagement with Member States, would be needed to reduce this divergence and improve the value of Umoja (A/76/5 (Vol. II), chap. II, paras. 140–143);

(b) **Delegation of programmatic authority**. The Board notes that in 2019, as part of the management reform, the Under-Secretary-General for Peace Operations released the Policy on Authority, Command and Control in United Nations Peacekeeping Operations. According to the Board, this document provides a generic distribution of responsibilities for mandate implementation for the levels below the heads of mission. However, a Secretary-General's bulletin for the Department of Peace Operations, which might provide more detail on the programmatic and mandate implementation authorities of the Secretary-General, the Under-Secretary-General for Peace Operations and the heads of mission, has still not been released almost three years after the implementation of the management reform. The Board considers that the delegation of authority on the mandate implementation side has not been clarified. The Administration has pointed out that heads of peacekeeping entities are responsible for the implementation of the mandate of their respective missions, which are set out in Security Council resolutions, while the Department of Peace Operations provides missions with strategic guidance and direction, in particular for the translation of mandates into programmatic frameworks (ibid., paras. 144–146). Upon enquiry, the Advisory Committee was informed that the draft versions of the Secretary-General's bulletins for the Department of Peace Operations and the Department of Political and Peacebuilding Affairs have been prepared and are being finalized jointly, owing to the need for both drafts to be comprehensive and mutually coherent, particularly in relation to the single regional political-operational structure. It is expected that the new revised bulletins will be promulgated in 2022;

(c) **Strengthening the first and second line of defence**. The Board recalls that the Secretary-General stressed, in his seventh progress report on accountability, the need to place a stronger emphasis on the "three lines of defence" model to improve the risk management systems for increased accountability (A/72/773, para. 41). The Board welcomes the introduction of the three lines of defence model for increased accountability and notes that the model requires managers at the first line of defence and senior managers at the second line of defence to regularly monitor administrative and programmatic activities and provide immediate feedback in cases of non-compliance and malperformance (A/76/5 (Vol. II), chap. II, paras. 147–148);

(d) **Financing support for peacekeeping operations**. The Board recalls that the peacekeeping missions receive support from the Regional Service Centre in Entebbe, the Global Service Centre and various departments at Headquarters. In 2015, the General Assembly granted the Regional Service Centre operational and managerial independence and a separate budget (resolution 69/307, para. 62). The Board indicates that the General Service Centre also determines its resource requirements through its own budget. The Board considers that, since the management reform came into effect in 2019, the organizational set-up of the

peacekeeping support activities has changed. Both the Regional Service Centre and the Global Service Centre are not considered entities under the revised delegation of authority framework. In March 2020, the Administration presented a new funding model that proposed the sharing of costs between the regular budget and the peacekeeping budget for the Department of Operational Support and the Department of Management Strategy, Policy and Compliance based on the overall staffing. The Board recommended that the Administration assess other methods, such as a workload analysis, to determine the apportionment of costs and to include all other entities co-financed by the support account in the funding model (A/75/5 (Vol. II), chap. II, paras. 77–84). The Board notes that the Assembly took no action on the proposed funding model (A/76/5 (Vol. II), chap. II, paras. 149–152).

34. **The Advisory Committee trusts that the Administration will closely monitor the areas identified by the Board as important for peacekeeping operations and update the General Assembly as appropriate.**

III. Implementation of the recommendations of the Board of Auditors

A. Recommendations for 2020/21

35. The Board made 10 recommendations for the 2020/21 period, including 3 recommendations that were not accepted and 7 recommendations that were under implementation and targeted for implementation between the second quarter of 2022 and the third quarter of 2024 (A/76/723, table 2). As indicated in paragraphs 14, 22 and 28 above, the recommendations that were not accepted relate to the creation of a central catalogue of the activities of the Mine Action Service; the promulgation of a human resources downsizing policy for drawdown and liquidation as a mean to retain senior mission staff during liquidation; and the need to comply with the staff rules and regulations to avoid unjustified indemnity payments after comprehensive placement efforts.

B. Recommendations from prior periods

36. The Board indicates that during the reporting period, 89 recommendations from previous reports endorsed by the General Assembly remained open. As at 30 June 2021, 53 of those recommendations had been implemented, 22 were under implementation, 9 were not implemented and 5 had been overtaken by events (A/76/5 (Vol. II), chap. II, para. 9 and annex II). The report of the Secretary-General indicated that as of February 2022, 18 recommendations were under implementation and closure had been requested for 13 recommendations (A/76/723, table 4). Upon enquiry, the Administration confirmed that it must implement the Board's recommendations, which have been endorsed by the General Assembly. However, the Administration was of the view that in certain situations, it could demonstrate to the Board that the underlying issues had either been addressed in ways that differed from the recommendations or that the recommendations had been overtaken by events.

37. In its report, the Board highlights the following issues regarding some of the recommendations that are still pending:

(a) No progress has been made regarding the workplans and reviews of objectives, processes and staff requirements of integrated operational teams for three years. The Board recalls that, as indicated by the Secretary-General in 2010, the integrated operational teams were responsible for providing integrated operational and political guidance and support to field missions on day-to-day mission-specific

issues and for coordinating the Secretary-General's mission-specific reporting obligations to the Security Council (A/65/669, para. 5). In 2019, the Board recommended that the Administration review the objectives, processes and staff requirements of integrated operational teams, considering the upcoming new peace and security structure. The Board also recommended updating the integrated operational teams' policy based on the review (A/73/5 (Vol. II), chap. II, paras. 183 and 185). The target dates for the implementation of these recommendations were initially set for 2019, then postponed to 2020 and, in his latest report, the Secretary-General stated that the revised target dates would be June 2022 (A/76/5 (Vol. II), chap. II, para. 17, and A/76/723, paras. 47 and 49). Upon enquiry, the Advisory Committee was informed that the Administration had initiated a management review of the objectives, processes and staff requirements of integrated operational teams, which would be supported by a senior consultant. The management review report is expected to include findings and key recommendations and provide departmental guidance that clarifies the objectives, processes and staff requirements of the integrated operational teams;

(b) No progress has been made in implementing the force generation process in Umoja for three years. In 2019, the Board recommended that the Administration implement the force generation process in Umoja (A/73/5 (Vol. II), chap. II, para. 153). The Secretary-General stated that the Administration would establish a working group comprising representatives of the relevant departments and the Umoja team (A/73/750, para. 41). In 2020, the Secretary-General stated that the Department of Peace Operations and the Department of Operational Support had initiated a working group to undertake a review and develop a concept note for the implementation of the recommendation (A/74/709, paras. 197–198). The Board was informed that the Administration's pledged deadline to complete the project by December 2023 was, at that stage, indicative and would be further specified as the scope and requirements were defined (A/76/5 (Vol. II), chap. II, paras. 19–21, and A/76/723, para. 45). Upon enquiry, the Advisory Committee was informed that the interdepartmental working group was making progress in determining the appropriate scope and requirements for this complex project. The Committee was also informed that the Peacekeeping Capability Readiness System is the sole mechanism for the selection of a military or police unit for deployment and that this mechanism would have to be incorporated into Umoja;

(c) No guideline has been created to include liquidated damages in unmanned aircraft systems contracts as a standard. In 2021, the Board recommended that the Administration include standard provisions, such as liquidated damages, in unmanned aircraft systems contracts and waive claims related to unmanned aircraft systems, such as liquidated damages, only after officially recorded considerations and authorization by an Assistant Secretary-General (A/75/5 (Vol. II), chap. II, paras. 154–155). The Administration considered that the determination as to when and how to use liquidated damages provisions and/or other types of cost-recovery mechanisms in United Nations contracts was complex, and that such clauses were not appropriate for all contracts. The Board holds that the Secretary-General has not met the request of the General Assembly to implement the recommendations, though the Secretary-General has requested the closure of the recommendations (A/76/5 (Vol. II), chap. II, paras. 23–28, and A/76/723, paras. 79 and 81). Upon enquiry, the Advisory Committee was informed that the Administration still considered the application of liquidated damages provisions in contracts to be discretionary and that it would be impractical to seek a waiver for a discretionary remedy from an Assistant Secretary-General in each case, given the number of contracts managed by the Administration.

38. The Advisory Committee wishes to highlight the following additional issues related to pending recommendations:

(a) There has been no progress in the management of rosters. In 2019, the Board recommended that the policy for rosters be amended with the objective of facilitating roster-building, management and data-cleansing. In its most recent report, the Board indicates that the issue of the staff selection system, including rosters, is under discussion in the Staff-Management Committee and that changes to the policy and operational matters related to roster management, including data cleansing, should be implemented in December 2022 (A/76/5 (Vol. II), chap. II, annex II, and A/76/723, paras. 55–56);

(b) The correction of errors in data for the valuation of after-service health insurance liabilities is still ongoing. In 2020, the Board recommended the correction of erroneous staff service and participation data for the valuation of after-service health insurance. The Board assesses that the recommendation is still under implementation, while the Secretary-General considers that it has been implemented and requests its closure (A/76/5 (Vol. II), chap. II, annex II, and A/76/723, para. 59). Upon enquiry, the Advisory Committee was informed that for the 2021 valuation, the Secretariat used both the entry-on-duty dates and the participation periods in the United Nations health insurance plans, which are more accurate and relevant for valuation. Of the approximately 33,000 active staff records in the census data, the Secretariat was able to replace the entry-on-duty date with the eligible periods of participation in United Nations health insurance plans for almost 14,000 staff members; ascertain that 2,000 staff members were not entitled to after-service health insurance; and that 13,000 staff members were eligible through the Medical Insurance Plan, for which the eligibility data coincides with the entry-on-duty date. For the 2023 valuation, the Secretariat will ascertain historic enrolment data for participants in the Medical Insurance Plan to further improve the valuation of after-service health insurance liabilities.

39. **The Advisory Committee notes with concern the lack of progress in the implementation of recommendations endorsed by the General Assembly. The Committee recalls that the Assembly has repeatedly requested the Secretary-General to ensure the full implementation of the recommendations of the Board of Auditors in a prompt and timely manner and to provide a full explanation for the delays in the implementation of the outstanding recommendations of the Board, the root causes of the recurring issues and the measures to be taken (resolution 75/242 B, paras. 7 and 10; see also A/75/829, para. 57, and A/74/806, paras. 22, 24 and 27).**

IV. Conclusion

40. **The Advisory Committee reaffirms that the findings presented annually by the Board of Auditors in its audit reports constitute an essential pillar of the Organization's oversight framework, contribute to ensuring compliance with the Financial Regulations and Rules of the United Nations, the Staff Regulations and Rules of the United Nations and other policies of the United Nations, and represent a valuable tool to improve the management, efficiency and effectiveness of the peacekeeping operations (see also A/75/829, para. 59, and A/74/806, para. 28).**