



United Nations

Financial report and audited financial statements

**for the 12-month period
from 1 July 2017 to 30 June 2018**

and

Report of the Board of Auditors

Volume II

United Nations peacekeeping operations

General Assembly

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**for the 12-month period
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Report of the Board of Auditors

**Volume II
United Nations peacekeeping operations**



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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.

[29 January 2019]

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Abbreviations

AMISOM	African Union Mission in Somalia
GSC	Global Service Centre
ICT	Information and communications technology
IPSAS	International Public Sector Accounting Standards
MINUGUA	United Nations Verification Mission in Guatemala
MINUJUSTH	United Nations Mission for Justice Support in Haiti
MINURCA	United Nations Mission in the Central African Republic
MINURCAT	United Nations Mission in the Central African Republic and Chad
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observation Mission in Angola
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
OIOS	Office of Internal Oversight Services
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
RSCE	Regional Service Centre in Entebbe, Uganda
UNAMA	United Nations Assistance Mission in Afghanistan
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNEF	United Nations Emergency Force

UNEP	United Nations Environment Programme
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNISFA	United Nations Interim Security Force for Abyei
UNLB	United Nations Logistics Base at Brindisi, Italy
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIN	United Nations Mission in Nepal
UNMIS	United Nations Mission in the Sudan
UNMISSET	United Nations Mission of Support in East Timor
UNMISS	United Nations Mission in South Sudan
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d'Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission in Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNOWAS	United Nations Office for West Africa and the Sahel
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic

UNSOS	United Nations Support Office in Somalia
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

Letter dated 26 September 2018 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit the financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2017 to 30 June 2018, which I hereby approve. The financial statements have been 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 14 November 2018 from the Assistant Secretary-General,
Acting Controller, addressed to the Executive Secretary of the Board
of Auditors**

Further to my memorandum of 26 September 2018, I am transmitting a revised set of financial statements. The revised financial statements I through V, notes to the financial statements and annexes I and II reflect the final changes which were discussed and agreed upon with the Board of Auditors.

Please replace the previous set of financial statements with the attached.

(Signed) Chandramouli **Ramanathan**
Assistant Secretary-General, Acting Controller

**Letter dated 23 January 2019 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 financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2018, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts, including the audit opinion thereon.

(Signed) Kay Scheller
President of the German Federal Court of Auditors
Chair of the Board of Auditors
(Lead Auditor)

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations peacekeeping operations, which comprise the statement of financial position (statement I) as at 30 June 2018, and the statement of financial performance (statement II), the statement of changes in net assets/equity (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 United Nations peacekeeping operations as at 30 June 2018 and their 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. 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 peacekeeping operations, 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.

Emphasis of matter

We draw attention to note 10 of the financial statements, which describes the effects of the decommissioning of the legacy system Galileo. Our opinion is not modified in respect of this matter. Further details are provided in section B.3 of the long-form report.

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 30 June 2018, 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 the Secretary-General 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 United Nations peacekeeping operations 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 United Nations peacekeeping operations 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 United Nations peacekeeping operations.

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:

- 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.
- 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 United Nations peacekeeping operations.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General.
- 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 United Nations peacekeeping operations 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 United Nations peacekeeping operations to cease to continue as a going concern.

- 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 with regard to, 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 United Nations peacekeeping operations 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 United Nations peacekeeping operations.

(Signed) Kay **Scheller**
President of the German Federal Court of Auditors
Chair of the Board of Auditors
(Lead Auditor)

(Signed) Rajiv **Mehrishi**
Comptroller and Auditor General of India

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

23 January 2019

Chapter II

Long-form report of the Board of Auditors

Summary

Audit opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2018, and their financial performance and cash flows for the year then ended in accordance with IPSAS.

Audit focus

In addition to the audit of the financial statements of the United Nations peacekeeping operations, the Board has focused its audit, inter alia, on peacekeeping performance, contingent-owned equipment and the implementation of recommendations from previous audit reports.

Scope of the present report

United Nations peacekeeping operations are deployed on the basis of Security Council mandates to maintain international peace and security. As at 30 June 2018, there were 14 active United Nations peacekeeping missions,^a with 124 countries contributing 79,601 military personnel and 10,705 police personnel. In addition, there were 13,125 civilian staff and 1,425 United Nations Volunteers.

The peacekeeping budget for the financial year 2017/18 was \$7.50 billion, representing a decrease of 5.2 per cent compared with the previous year's budget. The audit included the peacekeeping headquarters, the 14 active and 32 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost recovery fund; and the employee benefits fund.

Key findings

Data quality not sufficient to utilize all advantages of Umoja

In 2017, the Administration migrated all data from the Galileo asset and inventory management system to Umoja. It failed to prevent and cleanse all data quality issues which surfaced during the data migration. The Board found that different items were represented by a single product identification (ID) code in Umoja, which had an impact on supply chain operations and the correct value of inventories in the financial statements.

Incomplete physical counting and missed identification of non-serialized equipment

The Board found that the physical verification and counting of assets was incomplete. Furthermore, the Board found that the identification of non-serialized equipment was challenging in Umoja. Under the current accounting policies, non-serialized equipment needs to be expensed. After inquiries by the Board and the subsequent identification of the issue, the value of inventory had to be corrected by \$54.0 million.

Information on cost recoveries to be included in future budget submissions

Missions recover costs for services provided to internal or external clients which are not covered by the budget. In order to receive allocations from the designated cost recovery fund, missions are required to submit cost plans up front. The Board found that, of 18 peacekeeping entities reviewed,^b only 13 entities submitted cost plans. Without cost plans, expenditures related to cost recoveries will appear as expenditures from regular, mandated activities in the budgetary reporting. The Board holds that the cost recovery methodology needs to be further formalized, compliance ensured and transparency further enhanced, in particular with regard to budgeting and budgetary reporting.

Performance measuring of peacekeeping missions needs to be better aligned with the needs of stakeholders

The Security Council has more than once underscored the need to enhance the overall effectiveness and efficiency of United Nations peacekeeping, calling for an integrated performance policy framework that measures performance on the basis of data collection and analysis. The Special Committee on Peacekeeping Operations requested the Secretariat to measure and monitor peacekeeping performance and to collect centralized performance data for the planning and evaluation of peacekeeping missions. The Administration has begun to implement a system to monitor performance. It will need to closely align the system with the requests of the Security Council and the Special Committee on Peacekeeping Operations.

Strategic reviews have intensified, but a comprehensive policy does not yet exist

The review of peacekeeping operations has been intensified by conducting comprehensive, independent reviews. The interrelation of legal documents needs to be clarified and merged into a single file.

Consensus has not been reached regarding adequate transparency and objectivity in the selection of troop-contributing countries

The Board and the Administration have not reached a consensus on the selection process of troop-contributing countries, specifically regarding whether the selection adheres to objective criteria and whether the process is transparent enough. The Board found that troop-contributing countries are selected on an informal basis. The Board noted that there is no documentation of established criteria which would ensure that the best troop-contributing country's offer is selected. It also found that critical information is not shared within the Administration. The Administration stated that the selection of troop-contributing countries followed a specific process but did not furnish any evidence for the Board to verify that statement before the finalization of the present report. In particular, the Administration has not provided any information or definition of its role and considerations when deciding about the political/diplomatic acceptability of a country's pledge.

As the Administration has, however, agreed to adopt a force generation manual which will address the issues, the matter may be kept pending until the Board revisits the selection process. Since the Board conducts its audit throughout the year and continues to monitor the selection process, it may revisit the issue at any time.

The Board holds that the general principles of the United Nations regarding best value for money; fairness, integrity and transparency; effective international competition; and the interests of the United Nations need to be adhered to.

The Board holds that the Member States must be in a position to understand, at least in abstract terms, the rationale of the Administration when it spends the funds.

Since no criteria or documentation of the selection process are in place, the Board could not assure itself that there was equal and open competition among countries pledging troops or police.

Hidden caveats are tacitly accepted, as the United Nations depends on a limited number of troop-contributing countries

The Administration attributes the tolerance of hidden caveats to the very limited number of known troop-contributing countries willing to deploy contingents to the most dangerous missions. That further underlines the Board's request for effective international competition of potential troop-contributing countries.

Performance of contingents when confronted with violence to civilians varies. However, troop-contributing countries still receive the same level of reimbursement per soldier deployed, as reimbursement is based on numbers, not on performance. The Board is of the view that the link between performance and future force generation needs to be fully articulated and established in policy. A contingent's past performance could be a determining factor for selecting future troop-contributing countries. The Board holds that the United Nations should be able to pay reimbursements according to the performance it receives for the money it spends.

Meeting the missions' needs – capability gaps

The Board is of the view that troop-contributing countries which lack some necessary equipment or training can perform even better if they are provided with what they need by the United Nations. That could help channel funds to where they are needed most. Reimbursement for equipment that will most likely not be needed is a waste of money.

Management of contingent-owned equipment and troop strength reporting

Reimbursement for contingent-owned equipment suffers from inefficient claims management and incorrect arrival inspections for ammunition and explosives. The Board further found that existing controls to ensure accuracy when reporting the strength of troops and formed police units were insufficient.

The Board found that current guidance on ammunition shelf life and ammunition levels was inadequate and allowed for different interpretations by missions and troop contributors. That policy gap exposed the Organization to the risk that large amounts of expired and unserviceable ammunition would need disposal in mission areas, to financial risks related to ammunition disposal and to the risk that standards were not coherent across missions in situations where missions developed their own guidance.

The Board reviewed the processing of claims for expended ammunition at Headquarters and found that the current system did not include controls to detect and prevent duplicate submissions of claims. The Board observed that the Administration had no overview of the number of claims for expended ammunition that had been processed. Neither of the key units within the Department of Field Support responsible for the receipt and verification of Operational Ammunition Expenditure Certificates could reconcile the number of claims and related amounts processed. The Board found that operational ammunition claims had been charged to wrong accounts.

All ammunition and explosives deployed to a mission are to be inspected and verified during the arrival inspection. The Board found that arrival inspections for ammunition had not been properly conducted and required information on expiration dates had not been collected. As a result, the Organization had no control over whether reimbursement claims for expired ammunition and explosives were actually justified. That exposed the Organization to financial risks, as contributing countries are entitled

to submit claims for reimbursement for ammunition or explosives that reach their expiry dates in the mission area.

The Board noted that the practices and processes for reporting the strength of troops and formed police units were not formalized and there were no clear guidelines. The Board found inaccuracies in troop-strength reports. Obviously incorrect reports (for example, reporting troop strength for 31 days in February), had been approved and certified. The Board found that missions had not implemented adequate internal controls and verification procedures to ensure the accurate reporting of troop strength for reimbursement purposes. Approving and certifying officers had not properly exercised their duties.

Essential recommendations issued in the previous audit report were not implemented

Three essential recommendations on air operations, which the General Assembly endorsed in its resolution 72/8 B, were practically not implemented at all.

Delegations of authority, roles and rules are hardly implemented in Umoja

The Board noted that policies, the delegation of authority implemented through Umoja role assignment and Umoja processes were not completely aligned. In addition, delegations of authority were not comprehensively reflected in Umoja and the system's functionality was not fully used. While the Financial Regulations and Rules of the United Nations clearly differentiate the roles of certifying officer and approving officer, all officials are "approvers" in Umoja, which added to the complexity. Moreover, the Board found that some steps were processed outside Umoja. Computer applications that lacked an interface with Umoja were often used. Handoffs and media disruption prolong the process and are prone to error.

Recommendations

The main recommendations are that the Administration:

Budget and financial reporting

(a) **Ensure accountable oversight of the management of material master data to achieve improved and harmonized material master data in the areas of product IDs, units of measurement and material descriptions, with a view to accurately reflecting assets in the financial statements and meeting supply chain requirements;**

(b) **Physically verify or count all items of inventory and property, plant and equipment to ensure fair presentation of assets at the end of each financial year;**

(c) **Issue a directive to define non-serialized equipment and implement a mechanism in Umoja to clearly identify non-serialized equipment before the end of the financial year 2018/19;**

(d) **Include information on cost recoveries in future budget submissions;**

Meeting the needs of the Security Council and the General Assembly

(e) **Align the further development of the comprehensive performance assessment system with the requests of the Security Council stipulated in its resolutions 2378 (2017) and 2436 (2018). The Administration should draw on the achievements of the United Nations field support performance framework;**

(f) Establish a system for peacekeeping mission mandate implementation performance based on clear and well-defined benchmarks meeting the Security Council's requirements as requested in its resolutions [2378 \(2017\)](#) and [2436 \(2018\)](#);

Meeting the missions' needs – force generation and reimbursement

(g) Adopt the draft force generation manual without further delay and issue guidelines which cover the entire process of force generation. The Administration should designate an accountable and responsible process owner, define the roles of individual staff, establish mechanisms such as regular staff rotation to address any conflict of interest and regulate the competitive selection of contributing countries;

(h) Align force selection to the United Nations general rules of best value for money, of fairness, integrity and transparency, of effective international competition and of the interests of the United Nations. They should govern the selection criteria of the force generation manual. Selection of troop-contributing countries should take into account the prior conduct and performance of troops from those countries;

(i) Submit a proposal to the Working Group on Contingent-Owned Equipment, for consideration by the General Assembly, that performance criteria be included in the memorandums of understanding with troop- and police-contributing countries;

Meeting the missions' needs – capability gaps

(j) Support troop-contributing countries which lack necessary equipment or training by providing it to them, if necessary by third countries;

(k) Include reliable evacuation and medical care in the compacts of the Special Representatives of the Secretary-General in peacekeeping missions to assure contingents and civilian staff of their security in case of emergency;

Contingent-owned equipment and troop reimbursement

(l) Finalize the review of the ammunition guidelines, establish an adequate upper age limit for ammunition deployed by troop- and/or police-contributing countries and include guidance for adequate stockpile management and the identification of ammunition that does not constitute an operational need;

(m) Conduct a comprehensive review of the Operational Ammunition Expenditure Certificates process, with due regard to controls ensuring accuracy, and subsequently rectify deficiencies identified;

(n) Establish a compliance control to ensure that contingent-owned equipment inspectors properly conduct arrival inspections for ammunition and explosives as specified in the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding;

(o) Develop guidance for missions on standardized internal controls, verification procedures and related tests to be performed by each mission stakeholder to ensure accurate troop-strength reporting and subsequently monitor the actual implementation in all missions;

Air operations

(p) **Centrally approve field missions' use of their air operations budgets for strategic flights to implement a centralized air operations authority and coordination for increased efficiency and cost-effectiveness;**

Legal framework and processes

(q) **Take stock of its policy framework and business processes, and analyse how these can be aligned and simplified to improve transparency and accountability. The Administration should use the SAP software's standard functionalities to the best possible extent and avoid customizing Umoja.**

^a Of the 14 active missions in financial year 2017/18, UNMIL was liquidated on 30 June 2018 and MINUJUSTH is the successor to MINUSTAH.

^b The 14 active missions, the support account for peacekeeping operations, UNLB, RSCE and MINUSTAH, the predecessor of MINUJUSTH.

Key facts

14	Number of active peacekeeping missions
124	Number of countries contributing uniformed personnel
1,425	Number of United Nations Volunteers in peacekeeping missions
10,705	Number of police personnel engaged in peacekeeping missions
13,125	Number of civilian staff engaged in peacekeeping missions
79,601	Number of military personnel engaged in peacekeeping missions
\$5.05 billion	Assets
\$4.23 billion	Liabilities
\$0.82 billion	Net assets
\$7.74 billion	Revenue including assessed contributions of \$7.29 billion
\$7.50 billion	Approved budget for peacekeeping
\$7.42 billion	Expenditure on peacekeeping operations (budget basis)
\$0.07 billion	Unutilized budget

A. Mandate, scope and methodology

1. The Board of Auditors audited the financial statements and reviewed the activities of the United Nations peacekeeping operations for the financial period from 1 July 2017 to 30 June 2018 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing.

2. The financial statements of the United Nations peacekeeping operations for the year ended 30 June 2018 are the fifth set of statements prepared after the adoption of IPSAS. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements fairly present the financial position of the United Nations peacekeeping operations as at 30 June 2018 and the financial performance and cash flows for the year then ended in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the 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 an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution [47/211](#), the Board continued to maintain its audit coverage at peacekeeping headquarters, the 14 active field missions, the 32 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost recovery fund; and the employee benefits funds, as detailed in annex I to the present report.

4. In addition to the audit of the accounts and the financial statements, the Board carried out reviews of peacekeeping operations under financial regulation 7.5, which allows the Board to make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the peacekeeping operations.

5. The Board continued to report the results of audits to the Administration through management letters. The Board issued 15 management letters during the period under review.¹

6. The Board coordinated with OIOS in order to avoid unnecessary duplication and determine the extent to which the Board could rely on the work of OIOS.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were communicated to the Administration, and their views have been appropriately reflected in the report.

¹ The Board issued management letters to MINURSO, MINUJUSTH, UNDOF, UNFICYP, UNIFIL, UNMIK, MONUSCO, UNISFA, UNSOS, MINUSMA, MINUSCA, UNAMID, UNMISS, GSC and RSCE.

B. Main findings and recommendations

1. Follow-up of previous recommendations of the Board

8. The follow-up of the recommendations made by the Board during the previous five years is shown below:

Table II.1

Status of implementation of recommendations

<i>Year</i>	<i>Total</i>	<i>Fully implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
2012/13	49	48	1	–	–
2013/14	63	58	–	–	5
2014/15	31	24	2	–	5
2015/16	55	38	11	1	5
2016/17	75	39	35	1	–
Total	273	207	49	2	15

Source: Reports of the Board of Auditors on United Nations peacekeeping operations.

Note: Figures represent the status of implementation of recommendations at the time of finalization of the present report.

9. Of the 75 recommendations issued by the Board in the 2016/17 financial year, the Board has assessed that 39 (52 per cent) have been implemented, 35 (47 per cent) are under implementation and 1 (1 per cent) has not been implemented. No recommendations were overtaken by events. The Board has reiterated two recommendations on air operations and one recommendation in the area of financial reporting. It is the Board's view that the Administration has not fully supported their timely implementation. Reiterated recommendations increase the total number of recommendations.

10. During the previous four financial years (2012/13–2015/16), the Board issued a total of 198 recommendations, of which 15 were overtaken by events. Of the remaining 183 recommendations, 168 (92 per cent) have been implemented and 14 are still under implementation. One recommendation was not implemented. Annex II sets out the status of implementation of open recommendations of previous reports of the Board.

11. Recommendations often necessitate actions to ensure compliance and may in some cases require a longer time to implement. The Board appreciates that more than 50 per cent of its recommendations made in 2016/17 have already been implemented.

12. The Board notes with concern, however, that its recommendation to enhance the collection of contractor performance reports, and make better use of the information to facilitate decision-making in contract awards and extension ([A/68/5 \(Vol. II\)](#), chap. II, para. 44) has been under implementation for four years. The Board sought details of the Administration's respective implementation plan. The Board found that there was currently no viable plan to implement the long-outstanding recommendation.

13. In that context, the Board recalls that the General Assembly, in its resolution [69/249 B](#), requested the Secretary-General to ensure the full implementation of the recommendations of the Board in a prompt and timely manner and to provide a full explanation for the delays in the implementation of all outstanding recommendations of the Board.

2. Financial overview

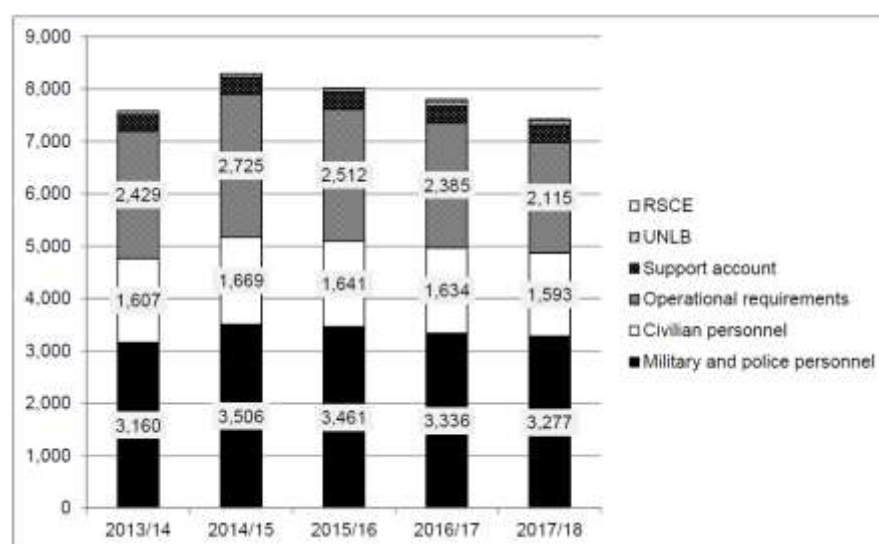
14. The approved peacekeeping budget for the financial year 2017/18 was \$7.50 billion, representing a decrease of 5.2 per cent compared with the previous year's budget of \$7.91 billion. Expenditure decreased by 4.9 per cent in 2017/18 to \$7.42 billion from \$7.80 billion in 2016/17. An amount of \$0.07 billion was unutilized in 2017/18, compared with \$0.11 billion in 2016/17.²

Trend of expenditure

15. The trend of expenditure is depicted in the figure below. The details of the expenditure incurred under the three budget groups, the support account, UNLB and RSCE during the five years ended 30 June 2018 are shown in table II.2.

Trend of expenditure

(Millions of United States dollars)



Source: Financial statements of peacekeeping operations.

Table II.2

Expenditure of peacekeeping operations, by group

(Millions of United States dollars)

Group	2013/14	2014/15	2015/16	2016/17	2017/18
Military and police personnel	3 160.0	3 506.2	3 461.3	3 335.8	3 276.5
Civilian personnel	1 606.9	1 669.4	1 640.8	1 634.3	1 593.1
Operational requirements	2 429.0	2 724.7	2 512.3	2 384.5	2 114.5
Support account	315.0	324.2	335.9	327.1	325.8
UNLB	68.9	66.5	67.1	82.2	80.2
RSCE	—	—	—	36.3	32.8
Voluntary contributions in kind	4.9	4.3	2.8	1.0	0.9
Total	7 584.7	8 295.3	8 020.2	7 801.2	7 423.7

Source: Financial statements of peacekeeping operations.

² Please note that rounding may lead to marginal differences in the figures throughout the report. The detailed budgetary figures are shown in table II.3.

Variances between appropriation and expenditure

16. Peacekeeping operations incurred expenditures of \$7.42 billion against the approved budget of \$7.50 billion, resulting in an underexpenditure of \$0.07 billion (0.98 per cent). The underexpenditure was again reduced compared with the previous financial year, when it amounted to \$0.11 billion (1.42 per cent). The overall underexpenditure varied between 0 and 3.11 per cent at the 14 missions. The variances between appropriation and expenditure for expenditure groups are summarized in table II.3.

Table II.3

Variations between appropriation and expenditure

(Thousands of United States dollars)

Expenditure group	Appropriation			Total expenditure	Variance compared with revised distribution	
	Original distribution	Redeployment	Revised distribution ^a		Amount	Percentage
Military and police personnel	3 238 067	(10 321)	3 311 947	3 276 476	(35 471)	(1.07)
Civilian personnel	1 408 939	117 102	1 596 197	1 593 123	(3 074)	(0.19)
Operational requirements	2 228 946	(106 781)	2 148 384	2 114 463	(33 921)	(1.58)
Consultants	6 299	(704)	5 595	5 242	(353)	(6.31)
Official travel	28 020	3 418	31 438	31 361	(77)	(0.24)
Facilities and infrastructure	562 968	12 069	578 151	577 327	(824)	(0.14)
Ground transportation	116 589	2 442	121 453	120 990	(463)	(0.38)
Air transportation	760 185	(115 851)	664 287	650 141	(14 146)	(2.13)
Naval transportation	30 609	3 612	34 221	34 051	(170)	(0.50)
Communications	154 994	(21 591)	133 403	129 382	(4 021)	(3.01)
Information technology	95 990	40 020	135 010	128 526	(6 484)	(4.80)
Medical	39 420	(10 276)	30 144	28 012	(2 132)	(7.07)
Other supplies, services and equipment	420 072	(18 881)	401 921	396 726	(5 195)	(1.29)
Quick-impact projects	13 800	(1 039)	12 761	12 705	(56)	(0.44)
Support account	325 800	1 495	325 800	325 781	(19)	(0.00)
UNLB	81 000	4 601	81 000	80 196	(804)	(0.99)
RSCE	33 000	1 287	33 000	32 842	(158)	(0.48)
Voluntary contributions in kind (budgeted)	1 223	—	1 223	862	(361)	(29.52)
Total	7 316 975		7 497 551	7 423 743	(73 808)	(0.98)

Source: Financial statements of peacekeeping operations.

^a Including commitment authorities for five missions. Please refer to annex II to the financial statements for details.

17. On an aggregate level, underexpenditure in the three groups of expenditure (military and police personnel costs, civilian personnel costs and operational requirements) ranged from \$3.07 million to \$35.47 million, compared with \$14.6 million to \$68.8 million in the previous financial year. Regarding operational requirements, underexpenditure of 5 per cent or more on an overall basis occurred in

the expenditure classes of consultants (6.31 per cent) and medical (7.07 per cent). In terms of absolute value, both are rather small budget classes. Table II.4 shows variances of 5 per cent or more at the mission level. The variances are calculated against the revised distribution after redeployments.

Table II.4

Underspending of 5 per cent or more between appropriation and expenditure

Expenditure group	Missions with variations of 5 per cent or more between appropriation and expenditure		
	2017/18	2016/17	2015/16
Total expenditure	—	MINUSCA	UNFICYP, UNMIL, UNOCI, MINUSTAH, UNAMID
Military and police personnel	UNMIK	UNMIK, UNOCI	UNFICYP, UNIFIL, UNMIK, UNMIL, UNOCI, UNISFA, UNMISS
Civilian personnel	—	—	UNOCI, MINUSTAH, UNAMID
Operational requirements	MINUSCA, UNMIK	UNMIL, MINUSTAH, MINUSCA	UNFICYP, UNDOF, UNMIL, UNOCI, MINUSTAH, UNAMID, MINUSCA

Source: Financial statements of peacekeeping operations.

18. Further details regarding the mission level are provided in annex III to the present report and annex II to the financial statements. The total underexpenditures of \$73.81 million originate mostly from UNMISS (\$25.84 million) and MINUSCA (\$23.14 million). Variances between appropriation and expenditure were further reduced. No mission exhibits a total expenditure variation of 5 per cent or above any longer.

Redeployments

19. The total amount of redeployment for the financial year 2017/18 was \$232.88 million (3.2 per cent of the original budget). That is less than in 2016/17, when redeployment amounted to \$297.95 million (3.8 per cent of the original budget) and in 2015/16, when redeployment amounted to \$291.93 million (3.5 per cent of the original budget). Table II.5 shows the sums relating to redeployment at all active missions, the support account, UNLB and RSCE for the three groups of expenditure and within the expenditure classes of operational requirements. Further details regarding the mission level are provided in annex III to the present report and annex II to the financial statements.

Table II.5

Redeployments

Expenditure group	Appropriation (thousands of United States dollars)			Number of redeployments in active missions (prior- year numbers shown in parentheses)	
	Original distribution	Redeployment	Percentage	Increases	Decreases
Military and police personnel	3 238 067	(10 321)	(0.32)	4 (4)	8 (7)
Civilian personnel	1 408 939	117 102	8.31	14 (8)	0 (2)

Expenditure group	Appropriation (thousands of United States dollars)			Number of redeployments in active missions (prior- year numbers shown in parentheses)	
	Original distribution	Redeployment	Percentage	Increases	Decreases
Operational requirements	2 228 946	(106 781)	(4.79)	1 (4)	12 (7)
Consultants	6 299	(704)	(11.18)	4 (9)	10 (4)
Official travel	28 020	3 418	12.20	11 (11)	4 (2)
Facilities and infrastructure	562 968	12 069	2.14	6 (8)	8 (7)
Ground transportation	116 589	2 442	2.09	9 (4)	5 (8)
Air transportation	760 185	(115 851)	(15.24)	0 (4)	13 (8)
Naval transportation	30 609	3 612	11.80	10 (9)	2 (3)
Communications	154 944	(21 591)	(13.93)	3 (3)	11 (12)
Information technology	95 990	40 020	41.69	9 (12)	5 (3)
Medical	39 420	(10 276)	(26.07)	4 (2)	10 (10)
Other supplies, services and equipment	420 072	(18 881)	(4.49)	8 (10)	6 (5)
Quick-impact projects	13 800	(1 039)	(7.53)	0 (3)	3 (1)
Support account	325 800	1 495 ^a	0.46		
UNLB	81 000	4 601 ^a	5.68		
RSCE	33 000	1 287 ^a	3.90		
Voluntary contributions in kind (budgeted)	1 223	—	—		
Total between groups		133 922			
Total between groups and within operational requirements	7 316 975^b	232 877			

Source: Financial statements of peacekeeping operations.

^a Total between groups and within operational requirements.

^b Total original distribution.

Financial position

20. Overall, the financial position of peacekeeping operations was sound during the financial year 2017/18, with sufficient resources to sustain core operations. However, delay in the payment of assessed contributions led to challenges with regard to cash management, in particular for MINURSO and UNMIK (see chap. IV, para. 35, of the present report).³ Current assets are 1.25 times current liabilities and total assets are 1.19 times total liabilities, as shown in table II.6. Whereas the trend of slight increases of the current ratio and the quick ratio continued, the assets-to-liabilities ratio did not change compared with 2016/17. The cash ratio decreased significantly, by 31.8 per cent, indicating a decline in liquidity. The Administration stated that, as a consequence, the accounts payable to Member States had increased. They rose by \$223.2 million, from \$1,186.3 million to \$1,409.5 million. One reason for the decline in the cash ratio is delays in the payment of assessed contributions, as mentioned above. Future liquidity depends on the payment of assessed contributions.

³ In general, the financial position varies considerably between the different missions; please refer to chapter IV, table IV.IV, of the present report.

Table II.6
Capital structure ratios

<i>Ratios</i>	<i>30 June 2018</i>	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2015</i>	<i>30 June 2014</i>
Assets-to-liabilities ratio^a	1.19	1.19	1.17	1.21	1.25
Total assets: total liabilities					
Current ratio^b	1.25	1.22	1.17	1.09	0.97
Current assets: current liabilities					
Quick ratio^c	1.08	1.06	1.04	0.96	0.80
Cash + short-term investments + accounts receivable: current liabilities					
Cash ratio^d	0.45	0.66	0.60	0.56	0.51
Cash + short-term investments: current liabilities					

Source: Financial statements of peacekeeping operations.

^a A high ratio (generally at least 1) indicates an entity's ability to meet its overall obligations.

^b A high ratio (generally at least 1) indicates an entity's ability to pay off its current liabilities.

^c The quick ratio is more conservative than the current ratio, because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

^d The cash ratio is an indicator of an entity's liquidity; it measures the amount of cash, cash equivalents or invested funds that are in current assets to cover current liabilities.

21. Employee benefits liabilities decreased by \$109.0 million to \$1,730.2 million from \$1,839.2 million in the previous financial year. The decrease is primarily the result of actuarial gains caused by increases in the discount rates used for the actuarial valuation (see note 16 in the notes to the financial statements). They now account for 40.9 per cent of total liabilities, compared with 43.7 per cent in the previous financial year. The main part of the employee benefits liabilities are liabilities for after-service health insurance. As at 30 June 2018, they amounted to \$1,367.2 million (30 June 2017: \$1,411.2 million). A decrease of the discount rate by 0.5 per cent would lead to an increase of the after-service health insurance liabilities by \$193.0 million.⁴ Moreover, the General Assembly, in its resolution 63/250, authorized the Secretary-General to reappoint, under the 100 series contracts of the Staff Rules, those mission staff whose service under the 300 series contracts had reached the four-year limit by 30 June 2009. Thus, after 10 years of participating in a United Nations health plan, a significant number of staff members may become eligible for after-service health insurance in 2019, possibly leading to a sharp increase in the liabilities.

3. Budget and financial reporting

22. The financial statements for the financial year 2017/18 were the first to be prepared without data imported from the legacy asset management system Galileo. That, together with the SAP Business Planning and Consolidation software implemented in the financial year 2015/16 and the full decommissioning of the Integrated Management Information System (IMIS) in the financial year 2016/17, enabled the Administration to further integrate core business processes into Umoja. This is a commendable milestone in the deployment of Umoja. Nonetheless, there remained room for further improvement, as described in paragraphs 23 to 81 below.

⁴ An increase of the discount rate by 0.5 per cent would lead to a decrease in the after-service health insurance liabilities by \$142.7 million.

Errors in statement I and the notes made one recertification necessary. Further findings are described below.

Impact of the decommissioning of Galileo

23. Galileo was decommissioned in September 2017. All inventory and property, plant and equipment data (asset data) were migrated to Umoja. Note 10 of the financial statements comprises related disclosures of the Administration. During the audit, the Board noted issues affecting the quality of the asset data in Umoja and thus the financial statements for the financial year 2017/18, as described in the following paragraphs.

Incomplete physical verification and counting of property, plant and equipment and inventories

24. The missions and service centres are required to perform physical verifications of property, plant and equipment as well as financial inventory and physical counting of non-financial inventory to ensure correct data records. The Property Management Unit of the Department of Field Support issued a performance report for the last quarter of the financial year 2017/18, dated 28 August 2018, which summarized progress related to physical verification and counting.

25. The Board noted that for both inventory and property, plant and equipment, a full physical verification or count was not achieved. That was especially the case for non-financial inventory, valued at \$307.45 million in the financial statements. According to the performance report, only 63 per cent of non-financial inventory was counted. Before Galileo was decommissioned, non-financial inventory had been accounted for by Headquarters using a management estimate. Within Umoja, however, erroneous quantities in the uncounted inventory holdings have a direct impact on the financial statements. The Board holds that a complete physical verification and count is important in order to ensure the true and fair representation of the financial statements.

26. The Board recommends that missions and service centres physically verify or count all items of inventory and property, plant and equipment to ensure the fair presentation of assets at the end of each financial year.

27. The Administration accepted the recommendation. It stated that some missions confirmed that there had been cases in which the count was not entered into Umoja. In addition, the Administration stated that it conducted different exercises to add assurance to the valuation of the inventory at year-end, such as continuing cycle counts and close monitoring by the Logistics Support Division, a major cleaning exercise undertaken before conversion from Galileo, a subsequent inventory clean-up exercise and an analysis of moving average price movements of all missions. The Board was also informed that the Administration was planning to return to the high percentage levels of validation by all missions during the financial year 2018/19. The Administration stated that the recommendation was expected to be implemented in the second quarter of 2019.

Data quality not sufficient to utilize all advantages of Umoja

28. In Umoja, every kind of material can be identified using a unique product identification (ID) code linked to a material master record.⁵ For the migration of data from Galileo to Umoja, the old Galileo stock cards were mapped to the new Umoja product IDs. Subsequently, issues resulting from the mapping, and related to the material master record in general, were identified.

29. Materials with different properties and different stock cards were merged under the same product ID. For example, tyres of different sizes, cables of different lengths or various spare parts were each mapped to a single product ID. The merging of different items under generic product IDs led to challenges.

30. Inventory is valued using a moving average price. The moving average price is calculated for each product ID at the plant level. Grouping materials with different properties and thus different values under one product ID can lead to a distortion of the reported value of inventory. Furthermore, the material master data affect all steps of the end-to-end supply chain process. The requisitioner uses the material master data to populate shopping carts and order items. If differing items are mapped to a single product ID, an additional level of control is necessary to avoid discrepancies between the system description and the actual goods. Afterwards, the data become part of the purchase orders and is reflected in the contracts. Once the items are purchased, the information is used for inventory management. The document provided by Umoja to locate goods for issuance uses the product ID for identification. Thus, to identify the precise goods requested, warehouse staff need to consult the purchase order containing the necessary information about the particularities of the requested good.

31. Moreover, issues with the units of measurement surfaced after the migration. Umoja supports 153 units of measurement. However, only eight units of measurement are being maintained at the moment (each, kilogram, litre, square metre, cubic metre, metre, pack and ton). In particular, users interpret the unit “each” differently. For example, the Board learned that in one mission the unit “each” was associated with sheets of paper instead of boxes of paper. Thus, the paper appeared in Umoja with an erroneous value of \$1.6 million. The Administration informed the Board that it had identified and rectified such extreme cases. In the Galileo era, missions could bypass incorrect units of measurement by manually adjusting the records.

32. The Board notes that with the fully integrated system of Umoja, all upstream and downstream processes are affected by the units of measurement. Individual workarounds or solutions are neither practicable nor advisable. Overall, the Galileo decommissioning project revealed to the Board that the standardization concerning units of measurement was lacking. It is another element of the material master where the Board considers an improved, harmonized and agreed setup to be crucial.

33. After becoming aware of the challenges in data quality highlighted as a result of the Galileo decommissioning project, the Administration launched two inventory data cleansing exercises that took place from December 2017 to July 2018. Besides the creation of tens of thousands of new product IDs, the cleansing exercises resulted in a correction in the amount of around \$4 million in over-valuated assets. On 26 October 2018, the Department of Field Support informed the missions of another cleansing project, the physical inventory reconciliation and optimization project. Additional data issues had been identified and, owing to operational and technical factors, not all data issues had been addressed during the previous reviews. For example, as of August 2018, \$85 million in assets showed no movement since Galileo

⁵ The term “product ID” is equivalent to the term “material number” in a conventional SAP setting.

decommissioning, indicating potential obsolescence or offline transactions. In addition, there were still \$145 million in assets affected by product IDs that contained differing materials. The project's target completion date is June 2019.

34. Another difficulty with Umoja is that materials are currently identified with the aid of a 40-character text field. The character limitation causes material descriptions to be extremely abbreviated, which can make it difficult for users to find the material sought, e.g., during requisitioning or warehousing processes. For that reason, the data management unit based in UNLB created a material and service master record search tool. Essentially, the tool is an Excel file comprising more detailed descriptions, product categories and other details to help identify the appropriate product IDs. It is uploaded to the Intranet of the United Nations and regularly updated.

35. The Board noted that master data that makes the creation of an auxiliary database to identify materials necessary is a move away from Umoja as a single, global solution for peacekeeping operations, and results in inefficiencies. The Board holds that an enhanced material master set-up that facilitates material identification in Umoja itself is therefore desirable.

36. The Board acknowledges that the different functions involved in the supply chain processes potentially have differing requirements; for example, product IDs might need to be set up with different levels of detail. Upstream processes might prefer more generic product IDs, while downstream processes might require extensive detail. Therefore, the Board holds that central leadership that includes all relevant authorities is required to ensure that the necessary improvements in the material master are carried out appropriately. The shortfalls in the material master should be addressed with high priority, as Umoja modules such as logistics execution, material management, quality management, plant maintenance and production planning all heavily depend on it since the decommissioning of Galileo. As Umoja is an integrated system, other modules such as financial accounting are affected, too.

37. The Board recommends that the Administration ensure accountable oversight of the management of material master data to achieve improved and harmonized material master data in the areas of product IDs, units of measurement and material descriptions, with a view to accurately reflecting assets in the financial statements and meeting supply chain requirements.

38. The Administration accepted the recommendation. The Administration stated that it had already initiated work on a "material master transformation" project. The Administration noted that it had identified a number of necessary requirements for the transformation of the material master data that would improve the use of product IDs, alternate units of measure and material descriptions. In addition, as part of the Umoja Extension 2 supply chain management phase 2 project, the Department of Field Support highlighted that the existing material master data records and their overall architecture would require further enrichment and transformation to support the new proposed functionalities for supply chain planning. That is planned to be addressed through the material master transformation project. The Administration stated that phase 1 of the project was expected to be completed by June 2019. However, the Administration informed the Board that overall completion would take between three and five years.

39. The Board acknowledges the complexity and magnitude of the Galileo decommissioning project, especially considering the short time frames and its execution alongside day-to-day business. The Board notes that the project had a one-time impact and that, eventually, the migration of assets to Umoja is very likely to improve operations. The Board emphasizes that, in fact, some of the issues described could only be noted because of the increased level of detail Umoja provides.

Missed identification of non-serialized equipment

40. On 28 September 2018, the Controller submitted the peacekeeping operations financial statements for 2017/18 to the Board. The statement of financial position valued inventories at \$466.3 million. Initially, note 10 of the financial statements stated that the value of the inventories purchased in 2017/18 had to be adjusted by \$74.9 million owing to changes regarding the system for inventory recording and the methodology for consumables and supplies.

41. During the current audit the Board found discrepancies in the inventories valuation approach. On 9 October 2018, the Board issued an audit observation inquiring about the current practice of expensing equipment valued below certain thresholds. The Board also requested further explanation regarding the adjustment of the inventories purchased in 2017/18. The Accounts Division of the Office of Programme Planning, Budget and Accounts informed the Board on 29 October that the adjustment of \$74.9 million had to be decreased to \$20.9 million. The Accounts Division explained that the value of inventories erroneously included non-serialized equipment of \$54.0 million that should have been expensed instead of being capitalized. Therefore, the adjustment mentioned in note 10 amounts to only \$20.9 million instead of \$74.9 million as initially posted.

42. In order to identify the non-serialized equipment to be expensed, the Accounts Division extracted material groups supposed to represent “supplies and consumables”. Of 292 material groups, the Accounts Division determined that 65 material groups comprised mostly non-serialized equipment. The Accounts Division stated that insignificant amounts of “supplies and consumables” were included in those 65 material groups. However, the Accounts Division ascertained that the 65 material groups would provide a reasonably relevant and reliable value for financial reporting purposes. The total value of the 65 material groups amounted to \$54.0 million. The Accounts Division fully expensed that amount. That led to a corresponding correction of the value of inventories and also made a recertification of the financial statements necessary.

43. The Board was informed by the Accounts Division that, disregarding some exceptions, serialized and non-serialized equipment valued below the property, plant and equipment recognition thresholds was not recognized as either inventory or property, plant and equipment. By nature, it would be considered property, plant and equipment. But as it does not meet the property, plant and equipment recognition thresholds, it is expensed for financial reporting purposes. Only serialized equipment has an equipment master record in Umoja. Therefore, it is easily identifiable in Umoja. Non-serialized equipment was easily identifiable in Galileo but it is not yet identifiable in Umoja. As a consequence, equipment was only partly expensed (serialized equipment) and was partly shown in the financial statements (non-serialized equipment).

44. The Board noted that the Accounts Division’s selection of material groups was not straightforward and not laid down in any official accounting document signed by the Controller, as is appropriate. The Board is of the view that a directive is required to define non-serialized equipment in Umoja in order to have a basis for its accounting in peacekeeping financial statements. Owing to the importance of the matter, the Board considers it necessary that the directive be signed by the Controller. The issue of non-serialized equipment could be included in the scope of the physical inventory reconciliation and optimization project.

45. The Board recommends that the Administration (i.e., the Controller) issue a directive to define non-serialized equipment and that the Administration

implement a mechanism in Umoja to clearly identify non-serialized equipment before the end of the financial year 2018/19.

46. The Administration agreed with the recommendation in principle. Serialized equipment is recognized at the material master level, which is the most rudimentary level in Umoja. The Administration was of the opinion that non-serialized equipment should also be identified at the material master level, so that the equipment and their related transactions can be extracted and adjusted with the highest precision for financial reporting. The Administration noted that the timeline for implementation would need to be discussed with other parties involved, and that this was a high priority. The Administration stated that it would implement the recommendation expeditiously, tentatively by 30 June 2019.

Need for a common approach to property management and its financial reporting

47. With the migration of asset data to Umoja, supply chain functions became integrated with financial accounting functions. For example, recording goods receipts in and issuances from a mission's warehouse has a direct impact on the inventory recorded and presented in the financial statements. During the audit, the Board noticed that the stakeholders involved in the recording of assets for financial statement purposes were isolated from each other. For example, the current delegations of authority differentiate between the authority for property management on the one hand, and the authority for financial reporting on the other. The Board acknowledges the need for the segregation of duties. However, the recipients of the delegations of authority should be aware that in the integrated Umoja system, property management actions directly affect balances in the financial statements.

48. Headquarters and the missions had different understandings of the accounting for non-financial inventory. In the Galileo era, the value of non-financial inventory was estimated at Headquarters on the basis of the Galileo stock cards. The Accounts Division informed the Board that in Umoja, there is no threshold or other condition for the exclusion of non-financial inventory from the financial statements. The value of non-financial inventory is completely based on actual inventory holdings as recorded in Umoja material management as at 30 June 2018 in terms of quantities and moving average price.

49. In contrast, supplemental instructions by the Department of Field Support for the preparation of IPSAS-compliant financial statements stated that non-financial inventory would be recognized and presented on the face of the financial statements as an asset based on an accounting estimate. Moreover, some missions still thought that non-financial inventory as one part of assets was entirely estimated, and valued centrally by Headquarters. After the Galileo decommissioning project, however, that is no longer the case.

50. In addition, a facsimile regarding the extensive physical inventory reconciliation and optimization project was drafted by the Department of Field Support and sent to the directors/chiefs of mission support of the missions, but was not distributed to the Department of Management.

51. The Administration stated that the supplemental instructions had been fully aligned and coordinated with the Accounts Division of the Office of Programme Planning, Budget and Accounts. The Administration further stated that in order to measure non-financial inventory, there was still a requirement to exclude serialized equipment items, items recognized as financial inventory and non-serialized equipment, which required extensive management estimation and analysis. For the financial period 2017/18, the valuation of non-financial inventory was conducted centrally in accordance with the guidelines. The Administration further commented that the missions had not been requested to submit inventory movement reports for

non-financial inventory. The Administration stated that, in order to exclude the non-serialized equipment, which was not supported by the existing Umoja material master functionality, the Accounts Division had conducted a desktop exercise, which was a management estimate. Moreover, the Administration noted that the Office of Programme Planning, Budget and Accounts was accidentally omitted from the distribution list of the facsimile regarding the extensive physical inventory reconciliation and optimization project, but that the issue had subsequently been rectified.

52. The Board holds that it refers to the term “non-financial inventory”. By definition, that incorporates the exclusion of financial inventory, serialized and non-serialized equipment. The Board is aware that other categories of materials, such as non-serialized equipment, have been expensed on the basis of an estimate and has addressed this issue separately (see paras. 40–46). Focusing on items belonging to non-financial inventory, the Board reiterates that their valuation depends on the quantities and prices recorded in Umoja by the respective staff, mainly in missions.

53. The Board noted a lack of awareness concerning some stakeholders with regard to the importance of physical verification and counting and its direct impact on the financial statements, in particular with regard to non-financial inventory. The Board holds that in an integrated system, intensified cross-functional collaboration and communication are necessary. Further, the awareness of personnel involved in property management of the impact of operational management of property on the financial reporting of the Organization needs to be increased.

54. The Board recommends that the Administration develop a common approach for property management and its financial reporting that reflects the integration of processes in Umoja.

55. The Administration accepted the recommendation. It stated that, following the decommissioning of Galileo, the Administration had undertaken a series of measures for the stabilization of the system, improving the data quality, training/certification and capacity-building in the field missions. The Administration further noted that moving forward, and in accordance with his report on shifting the management paradigm in the United Nations ([A/72/492/Add.2](#)), the Secretary-General had consolidated resources within the Global Asset Management Policy Service, which would, inter alia, provide expert advice and guidance on property management and review financial data for compliance with IPSAS and property management framework. This would include guidance with respect to the issues raised in the present report, including the segregation of responsibilities, the treatment of financial and non-financial inventory, physical verification requirements and training and awareness-raising. The Administration stated that the recommendation was expected to be implemented by June 2020.

Complex normative policies for asset recognition

56. Items valued below certain recognition thresholds were not capitalized in the Galileo era and are not capitalized in Umoja. The Board inquired about the value of property, plant and equipment which were not capitalized owing to the recognition thresholds. The Administration stated that the total expenses resulting from non-capitalized equipment were \$190.2 million. According to the Property Management Unit performance report for the quarter ending 30 June 2018, the total historical value of items not recognized due to the thresholds amounts to \$528 million. In relation to the total holdings of property, plant and equipment, the Board considers the amount of non-capitalized items to be substantial.

57. The Board also noticed different procedures concerning the accounting for equipment that does not meet property, plant and equipment recognition thresholds.

As stated above, those items are, in general, expensed. However, if such items are part of the strategic deployment stocks or the IPSAS reserve stock, they are capitalized. In addition, equipment should by nature be recognized as property, plant and equipment. In this case however, it is recognized as financial inventory.

58. The United Nations also differentiates between financial and non-financial inventory. The Board inquired about the reasons for upholding that differentiation. The Administration stated that the differentiation was upheld because no change had been made to the definition and scope of financial and non-financial inventory. From an accounting point of view, both kinds of inventory are measured the same way.

59. The Board recommends that the Administration review its legacy accounting policies for assets from the Galileo era, in particular with regard to recognition thresholds and the differentiation between financial and non-financial inventory.

60. The Administration accepted the recommendation. It stated that since the adoption of IPSAS, the policy for the treatment of inventories, both financial and non-financial, has not changed, and has been applied consistently in the financial statements from 2013/14 to 2017/18. Recognizing the limitations of Galileo and noting the importance of the Umoja supply chain management solution, phase 2 of which is currently being planned, the Administration agreed to undertake a review of the current accounting policies for physical assets, including recognition thresholds and the differentiation of financial and non-financial inventory. Improved levels of physical verification and average prices of inventory items will provide better analysis to make informed decisions that affect policy. In that regard, the Administration envisions that a revised policy will be issued, to be implemented by late 2020.

Information on cost recoveries to be included in future budget submissions

61. In its previous report, the Board recommended that the Administration enhance its disclosures regarding cost recovery transactions (A/72/5 (Vol. II), chap. II, para. 40). Now, in the present report, the notes to the financial statements include a table detailing revenues according to type of service and client (see note 25). The main goods and services provided in 2017/18 were communications and IT support (\$18.9 million), air transport (\$16.3 million) and fuel (\$15.4 million). The main clients were other peacekeeping missions (\$30.9 million), vendors and other external entities (\$19.8 million) and other United Nations agencies (\$19.1 million).

62. The Administration established the peacekeeping cost recovery fund in Umoja in financial year 2015/16. The fund is accessible by all peacekeeping entities. They are instructed to post all cost recovery transactions in Umoja using the peacekeeping cost recovery fund. Since its establishment, financial information on cost recoveries has been included in annex II to the financial statements. The data show that expenses for cost recovery transactions rose from \$3.1 million in 2015/16 to \$15.1 million in 2016/17 and to \$66.2 million in 2017/18. The corresponding revenues (or rather, costs recovered) amounted to \$5.8 million in 2015/16, \$41.1 million in 2016/17 and \$79.5 million in 2017/18. The figures indicate a sharp rise in the goods and services provided by way of cost recoveries. However, it should be noted that increased awareness and the ensuing use of the newly established cost recovery fund in Umoja most likely contributed to the increased amounts.

63. The cost recovery fund in Umoja is set up in such a way that missions and service centres are required to submit cost plans for cost recoveries up front. Based on their respective cost plans, the missions and service centres receive advance allocations for cost recovery-related expenditures from the Controller. Owing to the expedient internal controls embedded in Umoja, in particular the “availability

control”, no expenditures can be incurred unless funds are available. In 2017/18, 14 active missions; MINUSTAH, as the predecessor of MINUJUSTH; 2 service centres; and the support account for peacekeeping operations constituted a reviewed total of 18 budgeting entities participating in the peacekeeping cost recovery fund. Of those, only 13 submitted cost plans up front or during the financial year. That number is up from 7 of 18 in 2016/17 and from 2 of 17 in 2015/16.

64. Without cost plans, no funds will be available in the cost recovery fund. Without funding, no cash disbursements can be made from the cost recovery fund. If cost recovery transactions occur regardless, the expenditures incurred must be posted in a mission’s own fund (as it will have funding). Thus, those expenditures will appear as expenditures from regular, mandated activities in the budgetary reporting. Over the past three years, cost recovery revenues of \$126.4 million compared to cost recovery expenses of \$84.4 million were reported. By their nature, cost recovery transactions represent cost reimbursements. Therefore, aside from some timing differences and presuming accurate pricing, revenues and expenses should match. The difference of \$42.0 million illustrates the lack of allotted funds for expenditures from cost recovery transactions. To some extent, that might lead to distortions in budgetary reporting and, for example, affect budgeting for future periods insofar as budget planning relies on historical expenditures.

65. Apart from requesting allotments in advance, it is important to properly account for cost recovery transactions during the financial year. All costs incurred must be recovered and transactions must be posted in the appropriate fund and accounts. The Board noted instances where revenues were set off against expense accounts instead of being posted in the proper revenue accounts. Those instances related to goods and services provided to additional personnel and equipment deployed by troop- and police-contributing countries. The national support elements provide support which may exceed or differ from the stated United Nations requirements. Missions’ costs concerning national support elements need to be recovered from Member States. Cost recoveries from Member States are often offset against payments for the provision of troops and contingent-owned equipment that are processed at Headquarters. Therefore, missions are in need of guidance on ways to reflect those transactions in Umoja to prevent an offsetting of revenues and expenses that is not compliant with IPSAS.

66. In general, the Board noted that there seems to be a lack of guidance, as some missions have started to draft individual standard operating procedures on the matter. The Board holds that harmonized guidance from Headquarters would be advisable, as business processes are similar in all missions, in particular the procedures in Umoja. The Board also noted cases where costs for goods and services provided to national support elements most likely were not recovered. In addition, the Board learned that the costs of regular staff members are never included as direct costs in the pricing of cost recoveries. The rationale behind that is that those posts are funded to fully dedicate their work time to regular, mandated activities. Currently, UNLB is the only entity that has budgeted for posts from cost recoveries.

67. The Board acknowledges that peacekeeping operations may often be the only entity on the ground in a position to provide certain goods and services. It also commends the Administration’s effort to utilize the implementation of Umoja to increase transparency concerning cost recoveries. In the light of the findings described above, however, the Board is of the view that the cost recovery methodology needs to be further formalized, compliance needs to be ensured and transparency further enhanced, in particular with regard to budgeting and budgetary reporting. The only peacekeeping operations entity currently incorporating information on cost recoveries in its budget proposals is UNLB. That came as a result of a recommendation of the Advisory Committee on Administrative and Budgetary

Questions (A/70/742/Add.9). In its first report on the proposed programme budget for the biennium 2018–2019 (A/72/7 and A/72/7/Corr.1), the Committee issued a similar recommendation concerning Volume I of the report of the Board of Auditors. That shows a trend of demand for more information on cost recoveries.

68. The Board is of the view that peacekeeping operations would benefit from including information on cost recoveries in future budget submissions. Greater transparency in that area could counter the notion that peacekeeping operations have excess funding in their budgets to spend on cost recovery transactions or provide services to external parties in a non-transparent manner. It would address the requirement that advance cost plans be submitted in order to allot funds to cost recoveries. Furthermore, it would raise awareness of the importance of using the cost recovery fund as intended and strengthen accountability. In that context, the Administration should issue comprehensive guidance to harmonize the practices of all entities participating in the peacekeeping cost recovery fund, including with regard to responsibilities, agreements and contractual relationships, budgeting, pricing, recovering costs and processing in Umoja.

69. The Board recommends that the Administration include information on cost recoveries in future budget submissions.

70. The Board recommends that the Administration issue comprehensive guidance on cost recoveries, including with regard to responsibilities, agreements and contractual relationships, budgeting, pricing, recovering costs and processing in Umoja.

71. The Administration accepted the recommendations. The Administration stated that it would provide additional, comprehensive guidance to enhance transparency and ensure consistency, as well as the accurate recording, analysis and reporting of costs for provided services. Furthermore, the Administration commented that circumstances could arise that were not foreseeable at the time of budget preparation and highlighted the uncertainty and unpredictability related to cost recovery transactions. The Administration stated that details on cost recoveries would be included in the context of the budget performance reports for peacekeeping operations, which were important tools of budgetary discipline and internal control. Moreover, the Administration commented that additional information on cost recoveries would be included in future budget submissions based on historical actual costs for services provided to internal and external clients. The Administration stated that the recommendations were expected to be implemented by June 2020.

Lack of guidance on the use of funds commitments

72. Subject to budget availability, funds commitments may be used to encumber funds in current or future accounting periods. They are the reservation of a specific amount of funds for a binding agreement to procure goods or services. However, the use of funds commitments instead of other Umoja processes designed for specific purposes can be disadvantageous, as funds commitments have limitations with regard to:

- (a) Accruing expenses, as, according to IPSAS requirements, goods receipts or service entry sheets cannot be processed against a funds commitment. Expenses would be recognized only when the invoice is processed;
- (b) The monitoring of vendor payments, as the vendor ID is not required until payment, which could lead to payment to an incorrect vendor or to double payments;
- (c) Capitalizing assets, as funds commitments are not linked to asset and equipment master data;

(d) The correct selection of general ledger accounts, as the accounts can be chosen manually.

Therefore, funds commitments should be used only in justified, exceptional cases where Umoja does not yet offer a designated process.

73. In total, funds commitments amounting to \$381.1 million were raised during the financial year 2017/18. The Board identified transactions where alternatives to using funds commitments were in place. Missions used funds commitments for services provided by UNOPS, for utility bills and for an amendment of a letter of assist. In those cases, purchase orders could have been raised but were not. In general, the Board noted a lack of up-to-date guidance delineating in which cases the use of funds commitments was appropriate. During the audit of the missions, the Board was informed that up-to-date guidance from Headquarters on the proper processes and the use of funds commitments would be welcomed. Since more and more processes are being moved to Umoja, such guidance would need to be updated regularly and could be presented in a manner which facilitates frequent amendments. Furthermore, compliance with regard to the use of funds commitments should be monitored. Owing to their inherent limitations, the Board also holds that the scenarios which require the usage of funds commitments should be further reduced.

74. The Board recommends that the Administration issue guidance on the appropriate usage of funds commitments and monitor compliance in that regard.

75. The Administration accepted the recommendation. The Administration noted that compliance monitoring would be done by the Business Transformation and Accountability Division within the new Department of Management Strategy, Policy and Compliance. The Administration further commented that it intended to offer training courses to non-financial managers on the shortcomings related to the use of funds commitments. The Administration stated that the recommendation was expected to be implemented by December 2019.

No comprehensive risk-control matrix in the area of financial reporting

76. In his eighth progress report on the adoption of the IPSAS by the United Nations (A/70/329, paras. 46–51), the Secretary-General pointed out that the United Nations would use the internal control-integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission as the basis for its approach to strengthen internal controls. The Secretary-General estimated that a statement of internal control would be implemented in the financial year 2017/18 for peacekeeping entities and in the year 2018 for non-peacekeeping entities.

77. The implementation of the envisaged statement of internal control was delayed owing to multiple change initiatives that could not be undertaken simultaneously (A/72/213, para. 40). Furthermore, it was found that the ongoing management reform initiatives of the Secretary-General would have a more significant impact on internal controls than initially foreseen, as they could further change roles, responsibilities and organizational structures (A/72/213, para. 48).

78. In 2017, the Office of the Controller established the Internal Control Advisory Group to function as an expert advisory group to assist the Controller in the implementation of the statement of internal control. The Advisory Group was supposed to hold multiple meetings and provide written feedback on the implementation approach. The Board was informed that the Advisory Group met three times in February 2018, during which it finalized the terms of reference of the Advisory Group, agreed on the scope of the project and discussed the control environment, risk assessment and control activities.

79. Despite the delays in implementation, the Secretary-General still plans to adopt the statement of internal control that will be signed by all senior managers as one component of the Secretariat's accountability system (A/72/773, para. 41 (e)). By signing the statement, the heads of departments/offices will attest that the internal controls under her or his area of responsibility have functioned adequately. Likewise, in paragraph 15 of its resolution 72/266 B, the General Assembly requested that the Secretary-General install "additional measures aimed at ensuring operational effectiveness and strong internal controls for enhanced accountability".

80. In May 2011, the Management Committee formally endorsed the "Policy Framework for Enterprise Risk Management and Internal Control", which outlines the purpose and principles for the implementation of enterprise risk management. However, according to the policy framework, "enterprise risk management is broader than internal control, expanding and elaborating on internal control to form a more robust conceptualization and tool for management". In addition, the missions have prepared enterprise risk management risk registers which include selected financial risks. However, a comprehensive financial risk-control matrix that maps existing internal controls to financial reporting risks has not yet been developed.

81. The Board is aware of the ongoing changes the Administration is facing due to the restructuring of the Secretariat's departments. However, the Board holds that change is constant and does not provide sufficient reason for postponing measures for ensuring a functioning internal control system. On an operational level, the Board holds that Umoja predefines processes to a large extent. In order to attest to the proper functioning of internal controls, taking stock of internal controls already in place is a prerequisite to attesting to their effectiveness. In our opinion, peacekeeping operations could perform a baseline appraisal of internal controls by establishing a comprehensive risk-control matrix in the area of financial reporting. Such a matrix would help identify risks, linking them to financial statement assertions and identifying controls as well as related control activities. As internal controls in the area of financial reporting already exist, it is mostly a formalization exercise. After all peacekeeping entities have prepared a financial reporting risk-control matrix, a cross-cutting review could identify any remaining internal control weaknesses in individual missions or service centres.

82. Considering that the Secretary-General maintained the plan to establish a statement of internal control and that the General Assembly emphasized the importance of enhancing internal controls, the Board is of the view that it is advisable to proactively prepare for the upcoming statement of internal control.

83. The Board recommends that the missions, service centres and Headquarters each prepare a comprehensive risk-control matrix in the area of financial reporting.

84. The Administration stated that the existing account-monitoring activities that are conducted on a monthly basis for each office will be strengthened to address the risks associated with financial reporting. The Administration further commented that it plans to set key performance indicators to address risk areas for financial reporting and create new dashboards to monitor the performance of all offices. The Administration stated that it would be most beneficial to develop the recommended risk-control matrix in conjunction with the project on the statement of internal control, which would start in due course, and that the tentative target date was December 2020.

4. Meeting the needs of the Security Council and the General Assembly

Request for performance monitoring and evaluation of mission operations

85. The Security Council underscored the need to enhance the overall effectiveness and efficiency of United Nations peacekeeping. In its resolution [2378 \(2017\)](#), the Council requested the Secretary-General to ensure that data streams related to the effectiveness of peacekeeping operations, including peacekeeping performance data, were centralized to improve analytics and evaluation of mission operations, based on clear and well identified benchmarks.⁶

86. The Security Council, in its resolution [2436 \(2018\)](#), reaffirmed its support for the development of a comprehensive and integrated performance policy framework that identifies clear standards of performance for evaluating all United Nations civilian and uniformed personnel working in and supporting peacekeeping operations that facilitates effective and full implementation of mandates. The Council again stressed the need to have comprehensive and objective methodologies based on clear and well-defined benchmarks.

87. The Special Committee on Peacekeeping Operations requested the Secretariat to develop an integrated performance policy framework for mandate implementation based on clear standards for all relevant civilian and uniformed personnel working in and supporting peacekeeping operations in the Secretariat and missions. The framework should include comprehensive and objective methodologies, based on clear and well-defined benchmarks, in order to measure and monitor peacekeeping performance and to ensure the collection of centralized performance data to be used to improve the planning and evaluation of peacekeeping missions (see [A/72/19](#)).

Administration's performance monitoring needs to be better aligned with the needs of stakeholders

88. With a view to implementing the Special Committee's request, the Administration is developing a comprehensive performance assessment system. The documentation provided by the Policy, Evaluation and Training Division states that the system would aim at enabling United Nations Headquarters and mission leadership to obtain an accurate and holistic view of mission performance and impact. Its methodology would be based on a context analysis which utilizes the strategic objectives derived from a mission's mandate and contextual factors to identify drivers of transition and critical conditions. On that basis, a results framework would be constructed, and include output, outcome and impact indicators. Thus, the system would measure a mission's performance against benchmarks, which would be clearly identified as the impact and outcome goals.

89. The Administration further stated that all mission dashboards and their data and analysis on impact and outcome would be centralized in a single shared information technology platform, and the data gathered would thus be accessible to Headquarters, Member States and the public in appropriate formats. The comprehensive performance assessment system would therefore provide evidence based on the data collected to assess a mission's performance against its mandated tasks and its efficiency regarding the use of its allocated resources. Furthermore, where missions share similar mandate elements, the system's information technology platform would provide a centralized database to enable comparative assessments of similar

⁶ The Security Council included the same request in its recent mandates for MINUSMA (resolution [2423 \(2018\)](#)), MONUSCO (resolution [2409 \(2018\)](#)), UNAMID (resolution [2429 \(2018\)](#)) and UNIFIL (resolution [2433 \(2018\)](#)).

performance areas, for example the protection of civilians, with a view to identifying factors that can enhance peacekeeping performance across missions.

90. The Board recalls that the respective mission and the Department of Peacekeeping Operations are responsible for implementing the mandate on the basis of the budget. The budget is provided by the Member States, which need to be transparently informed on how missions perform when implementing the mandate and whether a mandate review is needed.

91. The upcoming new peace and security structure, the commitment of Member States to the Action for Peacekeeping initiative of the Secretary-General and the implementation of the action plan based on the recommendations set out in the report of Lieutenant General (Retired) Alberto dos Santos Cruz on improving the security of United Nations peacekeepers create a momentum and public recognition which the Administration should use to establish a mandate implementation performance system. A system of that kind should be able to demonstrate to the Member States that their contributions to peacekeeping are used efficiently. A mandate implementation performance system would significantly improve accountability and foster transparency and comparability among missions.

92. The Board found that the Department of Field Support (now the Department of Operational Support) already provides data related to its own Department in a transparent way,⁷ which, in the opinion of the Board, is the right direction for future peacekeeping performance management. It will increase accountability towards the Member States.

93. However, peacekeeping is not only about field support. Field support is an enabler for the missions and the Department of Peacekeeping Operations to implement the mandate. It is mandate implementation that defines field support demands and not vice versa. The Board found that the comprehensive performance assessment system, at its current stage, does not meet the needs of the stakeholders, notably the Security Council and the Special Committee on Peacekeeping Operations. The Administration informed the Board that the requests of the Special Committee and the Security Council were met through a number of dedicated work streams, including the Action for Peacekeeping initiative of the Secretary-General, the implementation of the action plan based on the Cruz report, the integrated military unit performance evaluations and analysis and the integrated performance policy framework, as well as the comprehensive performance assessment system once it is fully operational.

94. Given the paramount importance of performance assessment and comparability, the Board holds that it is vital to meet the requests of the stakeholders, which are the Security Council, the Special Committee on Peacekeeping Operations and the Member States, and not primarily senior mission management. The Administration stressed that the comprehensive performance assessment system was aimed at addressing the interests and needs of a range of stakeholders, including the senior mission leaders in the field, the United Nations Headquarters departments supporting the field missions and Member States, which are funding or contributing troops to the missions.

95. The Board recommends that the Administration align the further development of the comprehensive performance assessment system with the requests of the Security Council stipulated in its resolutions 2378 (2017) and 2436 (2018). The Administration should draw on the achievements of the United Nations field support performance framework.

⁷ See <https://fieldsupport.un.org/en/performance-framework>.

96. The Administration concurred with the recommendation and informed the Board that it would ensure alignment with the Security Council and the General Assembly in further developing and piloting the comprehensive performance assessment system for peacekeeping. The Administration specified that the Security Council had already stipulated, in paragraph 10 of its resolution [2378 \(2017\)](#), the annual comprehensive briefing by the Secretary-General on reforms and filling gaps in terms of troop generation, capabilities and other relevant aspects necessary to enhance peacekeeping effectiveness. The Administration stated further that, to address the recommendation, it had strengthened the existing work streams and was initiating new ones, such as the comprehensive performance assessment system and the development of an integrated performance policy framework. The comprehensive performance assessment system would provide significantly enhanced transparency with regard to mission performance and mandate implementation, including comparability between missions, to mission leadership, Headquarters and Member States.

Strategic reviews are intensified, but there is no comprehensive policy

97. The Secretary-General regularly reports to the Security Council on strategic reviews. In line with his agenda on reforming the peace and security pillar of the United Nations, the Secretary-General prompted reviews of eight major peacekeeping operations by June 2018 ([S/2018/143](#), para. 1).⁸ In 2017/18 the Secretary-General provided reports to the Security Council on the situation in countries where peacekeeping missions are currently conducted.

98. The comprehensive, independent reviews were introduced by a code cable on 17 November 2017 following an initiative by the Secretary-General, and were different from the reviews which the Administration had carried out in the past. They assigned an independent team leader, installed a secretariat to review the terms of reference for the reviews and the reports and installed a “red team” which critiqued the terms of reference and lines of inquiry and performed a stress test of emerging findings. An analytics team provided ongoing support by strengthening the base of evidence, and a review team synthesized the findings and helped in drafting the report. The code cable did not stipulate whether the comprehensive reviews were to be repeated or if they were designed to replace the strategic reviews in full or in part. It was also not clear as to who would follow up on the recommendations raised in the comprehensive reviews.

99. The policies governing past reviews are still in force and include policies on mission evaluation and the planning and review of peacekeeping operations of the Department of Field Support and the Department of Peacekeeping Operations. There was also an after-action review of recent strategic reviews of peacekeeping missions dated 3 August 2016, whose impact on current reviews is uncertain.

100. The Board acknowledges the effort and results of the comprehensive, independent reviews. However, it wishes to point out that there are now numerous regulations governing the review of peacekeeping operations. Their interrelation is not defined, and neither is the implementation of the reviews’ findings. The findings are most likely to have an impact on the evaluation of mandate performance, so they should be tied to the respective analysis.

101. The Administration stated that the current authoritative guidance for United Nations-wide approaches was the Policy on Integrated Assessment and Planning, which was revised and approved by the Secretary-General in 2013. The Policy defines the minimum and mandatory requirements for conducting integrated assessments and planning in conflict and post-conflict settings. It applies to all integrated assessments,

⁸ MINUSMA, MINURSO, UNISFA, UNDOF, MINUSCA, UNSOS, UNMISS and UNFICYP.

whether strategic, programmatic or technical in nature. The policy on planning and review of peacekeeping operations sets out principles, decision milestones, processes and structures for the planning and review of peacekeeping operations by the Department of Peacekeeping Operations and the Department of Field Support, including the conduct of strategic reviews. In the light of the Secretariat reforms, in particular with regard to the peace and security pillar, a review of the Policy on Integrated Assessment and Planning was expected to be carried out in 2019. The Department of Peacekeeping Operations (now the Department of Peace Operations) would complement that process with an internal review of policy and guidance on mission planning and assessments. The Department would take into account the Action for Peacekeeping initiative, the observations of the Board and the lessons learned from the independent, comprehensive reviews undertaken in the 2017/18 financial period. The exercise would, in particular, aim to clarify and consolidate a comprehensive list of available tools for mission reviews.

102. The Board recommends that the Administration assess all policies and guidelines on mission reviews and decide on one single document which governs all aspects, clarifies roles and assigns responsibility for implementing the recommendations raised. The document should include considerations for a system for peacekeeping mandate implementation performance based on clear and well-defined benchmarks, meeting the requirements of the Security Council as requested in its resolutions 2378 (2017) and 2436 (2018).

103. The Administration concurred with the recommendation to assess all policies and guidelines on mission reviews and pledged to have it implemented by the fourth quarter of 2019. The assessment would clarify and consolidate a comprehensive list of available tools for mission reviews and elaborate a comprehensive single document that would avoid overlaps, reduce the burden on peacekeeping missions and Headquarters and maximize their effect on mandate implementation.

5. Meeting the missions' needs – force generation and reimbursement

104. Peacekeeping missions need well-performing troops and police to implement their mandates. Those forces are generated by Headquarters. The United Nations expended \$1.53 billion for military and police contributions by Member States in the financial year 2017/18.

Force generation process

105. The process for generating and deploying military units is divided into five phases: the Peacekeeping Capability Readiness System and pledges from troop-contributing countries; planning; the generation of forces from troop-contributing countries; pre-deployment; and deployment. The Member States have committed to ensuring the highest level of peacekeeping performance.⁹

106. The identification of Member States that might be interested in contributing to a mission's military force originates from the Peacekeeping Capability Readiness System, where Member States register and describe in detail the resources they could make available to United Nations peacekeeping operations. It is a generic force generation process which is designed to provide more visibility to the United Nations and to give a better understanding to troop-contributing countries of United Nations requirements. Once the Statements of Force Requirements for a mission have been established, the Administration presents them to Member States that have indicated an interest in contributing to the mission.

⁹ Declaration of Shared Commitments on United Nations Peacekeeping Operations, para. 13. Available at <https://peacekeeping.un.org/sites/default/files/a4p-declaration-en.pdf>.

107. The Administration sends a formal request in the form of a note verbale to the permanent missions of the Member States in question. Priority is given to pledges already registered in the Peacekeeping Capability Readiness System. Once the pledges have been received, the Administration makes a recommendation to the Under-Secretary-General for Peacekeeping Operations, who then takes the final decision on which offers to accept.

108. The Secretary-General is the chief administrative officer of the United Nations. The subordinate administrative officer, the Under-Secretary-General for Peacekeeping Operations, ultimately decides which troop-contributing countries are selected on the basis of information submitted by the Administration. While the Security Council's actions are indeed political, the action taken by the Under-Secretary-General for Peacekeeping Operations and the Under-Secretary-General for Field Support is thus an administrative decision.¹⁰

Selection process of troop-contributing countries is not clear

109. OIOS conducted an internal evaluation of the Administration's planning during the force generation process and related engagement with the Security Council and troop-contributing countries. It stated, inter alia, that force generation was insufficiently transparent, consultative, coordinated and performance-oriented.¹¹

110. With regard to the selection of troop-contributing countries, OIOS noted that:

(a) The Administration maintained a mostly reactive approach to information-sharing, which favoured troop-contributing countries with established links to the Administration and/or institutional knowledge about United Nations peacekeeping;

(b) Selection criteria remained unofficial, contributing to concerns about transparency and risking potential gains in effectiveness and relevance offered by current reforms;

(c) The need for frank and objective assessments by the Administration for the Security Council would only become more urgent as peacekeeping operations faced more asymmetrical environments.

111. The Board found that discussions on the selection of troop-contributing countries are held on an informal basis. In the view of some interview partners the Board spoke to, that impairs the exchange of critical information between units within the Department of Peacekeeping Operations.

112. The Strategic Force Generation and Capability Planning Cell was created in 2015 to help fill current and emerging capability needs for United Nations peacekeeping missions. Among its priorities are registering and managing commitments of peacekeeping capabilities by troop-contributing countries and coordinating and conducting performance discussions with senior administration, which includes extensive data analytics. The Board acknowledges the intensive efforts of the Cell. However, not even the Cell itself could answer the Board's question as to what precisely is done with the data it provides and how its analysis factors into the selection of troop-contributing countries.

¹⁰ The Department of Peacekeeping Operations is the lead department for the end-to-end force generation process, while the Department of Field Support is the lead department for the memorandum of understanding negotiation and amendment process.

¹¹ See OIOS, "Evaluation of DPKO/DFS planning during the force generation process and related engagement with the Security Council and troop-contributing countries", assignment No. IED-17-001, 7 April 2017.

113. In its official comments on the audit findings, the Department of Peacekeeping Operations explained that the selection of troop-contributing countries was made out of more than 80 pledges through the Peacekeeping Capability Readiness System.

Selection process of troop-contributing countries is not based on objective criteria

114. The Administration has been working on drafting United Nations manual for generation and deployment of military and police units to peacekeeping operations since 2016. The draft manual addresses issues pertaining to, inter alia, strategic engagement, planning, the generation of contingents from troop-contributing countries, predeployment, deployment and reimbursement. It describes administrative processes and attributes responsibilities in one single file.

115. This draft force generation manual sets out on page 23 that the Administration selects contributing countries according to various criteria, which include factors such as political acceptability, geographical proximity, regional balance, past performance of troops contributed by the country, host nation approval and the state of readiness of the troop-contributing country.

116. By regulating and clarifying all issues of the Administration's daily work, the manual would have a significant, clarifying impact on administrative procedures and decisions on United Nations expenses. As the manual is still a draft, however, those criteria are not yet set down in administrative policy, so there are no written guidelines and standards to adhere to. There is neither a catalogue of predefined criteria for the selection of troop-contributing countries nor documentation regarding the basis of the ultimate decision taken by the Under-Secretary-General for Peacekeeping Operations. In addition, there is no generic matrix that could be used as a reference for decision-making briefings, even in the draft manual. As a generic matrix is currently not available, different matrices are used for the same theatres of operation. There is, therefore, no comparability.

Selection process of troop-contributing countries requires regular job rotation

117. During its audit, the Board noted that there was no documentation of established criteria which would ensure that the best offer from a troop-contributing country is selected. It is imperative that all stages of information-sampling, advice and decision-making be transparent and free from any undue considerations. Regular staff rotation is a proven means to prevent conflicts of interest. In the absence of established selection criteria, the Board cannot form a fact-based opinion on the compliance and efficiency of the force generation.

118. In its official comments on these audit findings, the Administration disagreed with the Board's observations and stated that troop-contributing countries and the corresponding units were selected according to the following procedure:

(a) The Force Generation Service desk officer asks the Peacekeeping Capability Readiness System manager about the registered unit of that category in the system. The Peacekeeping Capability Readiness System manager provides a list of units registered in the Peacekeeping Capability Readiness System, based on the readiness (rapid deployment level, level 3, level 2 and others);

(b) The Force Generation Service desk officer sends the list of units to the integrated operational team for their concurrence/comments (based on political/diplomatic consideration);

(c) The integrated operational team sends the comments on the units (based on the political/diplomatic acceptance);

- (d) The Force Generation Service desk officer prepares a refined list of countries;
- (e) If the units are at level 2 category or above, the assessment and advisory visit reports/rapid deployment level verified visit reports are prepared. These reports are also sent to the Force Generation Service desk officer for information in detail about the unit and for the identification of their strength/weaknesses, if any;
- (f) The Force Generation Service desk officer contacts the Strategic Force Generation and Capability Planning Cell officers to get relevant input on the units, based on the information kept in the Knowledge Management System;
- (g) The Force Generation Service desk officer prepares a comparison matrix, based on different parameters, as required by mission/leadership;
- (h) Informal coordination with the permanent missions of all involved troop-contributing countries are done to get an informal concurrence about their willingness and readiness in deploying a force to the particular mission;
- (i) The information (a decision brief) is presented to the Office of Military Affairs leadership for their guidance/decision;
- (j) The recommendation of the Office of Military Affairs leadership is presented to the senior leadership;
- (k) Based on the comprehensive decision of the house, the unit is selected with one/two units, as a backup/contingency plan;
- (l) The permanent mission of the selected unit is communicated formally (via note verbale);
- (m) If there are any unforeseen circumstances, other rostered units are communicated, as part of a contingency plan.

119. The Board notes that the Administration provided that information at a very late stage in its official comments on the audit findings but did not furnish any evidence to the Board to verify the statement before the finalization of the report. In particular, the Administration has not provided any information or definition with regard to its role and its considerations of the political/diplomatic acceptability of a country's pledge. As the Administration has, however, agreed to adopt the draft force generation manual, which will address those issues, the matter may be kept pending for the time being. Since the Board conducts its audit throughout the year and continues to monitor the selection process, it may revisit the issue at any time.

Member States must know the selection criteria

120. The Board holds that the Member States must be in a position to understand, at least in abstract terms, what considerations the Administration takes into account when spending funds and committing troops and/or police. According to the Charter of the United Nations, Member States shall undertake to make armed forces available to the Security Council, on its call and in accordance with a special agreement or agreements (Article 43 (1)). All Member States are free to register and indicate which resources they can contribute. However, the decision-making process of the Department of Peacekeeping Operations is not clear, not documented and does not follow established criteria. The United Nations general principles of best value for money; fairness, integrity and transparency; effective international competition; and the interests of the United Nations need to be adhered to (see financial regulation 5.12). The current selection mode does not comply with those rules and is not in the interests of the United Nations. Since there were no criteria or documentation of the selection process in place, the Board could not assure itself that there was equal and open competition among countries pledging troops.

121. A common reference used by all departments involved would help ensure transparency, documentation and oversight throughout the entire troop-contributing countries selection process. The Board is of the view that the Administration should establish clear selection criteria regulating the entire process and the responsibilities of the different parties concerned. The process should be fully implemented in Umoja. Respective guidelines should specify the process owner and clarify accountability and responsibility.

122. To achieve the transparency required of any selection, the Administration must first ensure that the proposal is drawn from a broad base of potential troop-contributing countries, which requires the Organization to make its force requirements known to all Member States. That can be achieved cost-effectively in electronic form. A second step would be to distinctly define the processes and roles of all administrative staff involved, thereby also avoiding any conflict of interest.

123. The Board further holds that the heads of the missions need to be consulted during the decision-making process of selecting troop-contributing countries. Not only would that increase transparency, but it would also be in line with United Nations reforms that aim at giving more authority to the heads of the missions. Furthermore, the mission heads are best acquainted with the situations in their respective countries.

Open and hidden caveats

124. In its resolution [2436 \(2018\)](#), the Security Council expressed strong concern regarding continued instances of underperformance, including, inter alia, inaction in the face of, in particular, imminent threats of physical violence against civilians. It also noted with concern instances in which national caveats may have a detrimental effect on mandate implementation and performance. In the same resolution, the Council called for measures for performance accountability that include a range of responses proportionate to identified performance failures of contingents, including, as appropriate, transparent public reporting, withholding reimbursement, and repatriating or replacing units.

125. The Member States have signed the Declaration of Shared Commitments on United Nations Peacekeeping Operations.¹² In paragraph 13 of the Declaration, they collectively committed to ensuring the highest level of peacekeeping performance and to holding all civilian and uniformed peacekeepers, particularly leadership, accountable for effective performance under common parameters while addressing performance shortfalls. The Secretary-General committed to developing an integrated performance policy framework based on clear standards for all actors and to ensuring that performance data are used to inform planning, evaluation, deployment decisions and reporting. In paragraph 15 of the Declaration, the Member States stressed the importance of avoiding all caveats which have a detrimental impact on mandate implementation and performance.

126. The Board addressed the issue of caveats at Headquarters and in the missions. There are open and hidden caveats.

Open caveats are negotiated without consulting the missions

127. The Board found that the Administration negotiated force generation with potential troop-contributing countries.¹³ During those negotiations, the countries expressed caveats regarding restricting the areas of deployment, the frequency of

¹² See Declaration of Shared Commitments.

¹³ The Board's findings relate only to troop-contributing countries. The Police Division stated that it was unaware of any caveats imposed by police-contributing countries, and none of the heads of police components in the field missions had reported any.

patrols, the sharing of equipment, and so on. The Administration accepted those open caveats without hearing the missions' assessment of the effects those caveats would likely have on mandate implementation.

Hidden caveats are tacitly accepted

128. Hidden caveats are not expressed during negotiations with the Administration. They tend to become apparent only if a contingent's leading officer refuses an order by a mission's Force Commander and are frequently not reported to the Administration.

129. OIOS found that while the declaration of caveats was now solicited from troop-contributing countries at two stages of the selection process, unwritten caveats remained a critical issue. The current policy of the Administration does not require caveats to be included in the Statement of Unit Requirements, the memorandum of understanding or letters of assist.¹⁴

130. At a meeting of the Security Council, held on 28 March 2018, the Secretary-General told the Council that caveats imposed by troop-contributing countries should not hobble operations. Special representatives, force commanders and police commissioners must ensure a clear, functional and responsive chain of command and control, without interference.

131. Field commanders expressed the view that there must be zero tolerance for hidden caveats, and recommended strengthening consultations between United Nations Headquarters and troop-contributing countries in order to prevent caveats and ensure unity of command, on the basis of "one mandate, one mission and one concept".¹⁵

132. In the missions, the Board was informed that one reason those hidden caveats are reported with reluctance is that missions feel they may lose the respective contingents altogether, and be unable to replace them. Incurring the loss of personnel would lead to further difficulties in implementing the mandate.

133. The Board learned from the Administration that such an assumption may be realistic and that there were only a very limited number of known troop-contributing countries willing to deploy contingents to the most dangerous missions.

134. The Board was further informed by the missions that hidden caveats are also not reported because the missions feel it might spark tensions with the respective contingent's home country. The Board recalls that the Security Council has, in paragraph 1 of its resolution 2436 (2018), reaffirmed its support for the development of a performance policy framework. The framework should specify responses proportionate to the identified performance failures, including, as appropriate, transparent public reporting, the withholding of reimbursement and the repatriation or replacement of units, including the possibility of replacement by units from another troop-contributing country.

¹⁴ See OIOS, "Evaluation of DPKO/DFS planning during the force generation process and related engagement with the Security Council and troop-contributing countries".

¹⁵ United Nations, Security Council, "Civilian protection, restrictions by troop contributors, asymmetrical attacks top operational hurdles to implementing peacekeeping mandates, Security Council told", press release, 17 June 2015. Available at www.un.org/press/en/2015/sc11930.doc.htm

Performance failures have no effect on reimbursement rates or on reselection chances

135. In its resolution [2436 \(2018\)](#), the Security Council called for measures for performance accountability that included a range of responses proportionate to identified performance failures of contingents, including, as appropriate, transparent public reporting, the withholding of reimbursement and the repatriation or replacement of units.

136. The Board was informed by the missions that there was no evidence of accountability for poor performance. Troop performance varied significantly in terms of reactions to violence from armed groups who threaten civilians. Regardless of their reaction, the reimbursement paid to the respective country is based on troop presence, not on troop performance.

137. The Board was also informed by the missions that refusal to actively engage in dangerous situations may be due either to hidden caveats on the part of the troop-contributing country or to the personal decision of the respective unit's commanding officer not to engage in a dangerous situation.

138. The Administration stated that fully capable units, which met the requirements of the Peacekeeping Capability Readiness System and were validated during enhanced predeployment visits, were generated on the basis of balanced political decisions that took the performance data into consideration. Missions were consulted on the acceptability of troop-contributing countries.

Reimbursement and reselection based on the request of the Security Council

139. The auditors enquired as to why poorly performing troop-contributing countries were reselected. The Administration answered that there were no other troop-contributing countries willing to deploy contingents to the most dangerous missions. That underlines the need for the Administration to expand the number of possible contributing countries. Open and transparent competition between Member States in terms of pledges for troops is indispensable. The Board is of the view that a link between performance and transparent force generation needs to be fully articulated and established in policy. Contingents' past performance could be a determining factor for selecting future troop-contributing countries.¹⁶ The Board holds that the United Nations should be able to pay reimbursement according to the performance it receives for the money it spends.

140. While the total figures of deployment worldwide give an overview of troop presence in the respective countries, those numbers do not necessarily correspond to force projection and performance and thus must be read with caution. To address that issue, the reimbursement of troop-contributing countries could be tied not only to the number of troops but also to performance, as requested by the Security Council in its resolution [2436 \(2018\)](#). The Administration should consult the respective legislative bodies of the United Nations as it deems necessary.

141. As senior management in the missions advertise a policy of zero tolerance of hidden caveats but are hesitant to report them for fear of losing contingents or for inciting political tensions, the Board sees a need for the Administration to encourage them. The fear of losing contingents underlines further the importance of expanding the base of potential troop-contributing countries. Even though the United Nations reform is imminent, that should not keep the Administration from addressing the issue as soon as possible.

¹⁶ See OIOS, "Evaluation of DPKO/DFS planning during the force generation process and related engagement with the Security Council and troop-contributing countries".

142. The Board recommends that the Administration adopt the draft force generation manual without further delay and issue guidelines which cover the entire process of force generation. The Administration should designate an accountable and responsible process owner, define the roles of individual staff, establish mechanisms such as regular staff rotation to address any conflict of interest and regulate the competitive selection of contributing countries.

143. The Administration concurred with the recommendation to issue guidelines covering the entire process of force generation. It stated that the draft of the force generation manual was currently being revised and was expected to be finalized by July 2019. The manual would be forwarded for approval after its circulation among the stakeholders. The recommendation in its entirety would be implemented in the fourth quarter of 2019.

144. The Board recommends that the Administration align force selection to the United Nations general rules of best value for money; of fairness, integrity and transparency; of effective international competition; and of the interests of the United Nations. They should govern the selection criteria of the force generation manual. Selection of troop-contributing countries should take into account the prior conduct and performance of troops from those countries.

145. The Administration stated that selection was usually conducted according to the criteria of (a) political acceptability (with the concurrence of the integrated operational team); (b) geographical proximity; (c) regional balance; (d) the past performance of the troops contributed by the country; (e) host nation approval; and (f) the state of readiness of the contributing country. The current selection system was transparent, and complaints of political bias, as well as the creation of misperceptions questioning transparency, were mitigated. Selection criteria for all units were set with due consideration to operational needs. The Department of Peacekeeping Operations usually prepared a comparison matrix which was presented with the decision briefs. The Board holds that the criteria cited merely reproduce the text of the draft force generation manual, which has not yet come into being, and that the use of the word “usually” shows that the Administration applies those criteria incoherently. The Board remarks further that the Administration did not supply any facts as to what the usual selection process could look like. The Board further holds that only the same single generic matrix applied to every decision could achieve transparency. A comparison matrix, which is not always used in all selection processes, shows once more the incoherent application of criteria.

146. With respect to the selection of units, the Administration stated that it had prepared standard operating procedures for the selection of units for field missions, which were in the process of being approved. The Board is of the view that those procedures aim to standardize procedures related to unit selection, not country selection, and thus cannot provide the information the Board requested. Predeployment visits are used as an instrument to assess if a unit meets the mission’s operational needs and bear no relation to the selection of troop-contributing countries.

147. With respect to aligning force generation to the United Nations general rule of best value for money, the Administration stated that inviting all potential countries to contribute might protract the generation processes, because each contingent pledge would have to be assessed. The objective of the recommendation could, however, be achieved by first inviting all countries whose capabilities have been assessed using the Peacekeeping Capability Readiness System and, thereafter, extending the invitation to other Member States if no adequate contributing country had been identified. The Administration stated further that the existing performance management tool that takes into consideration contingent performance, on the basis of the Force Commander’s or Police Commissioner’s evaluation, was still at an early

stage. Creating a process to base reimbursements on actual performance, however, would require developing: (a) a policy recommendation by the 2020 Working Group on Contingent-Owned Equipment; and (b) a measurable, realistic and transparent system of evaluation of contingent performance. In accordance with existing General Assembly resolutions, the Uniformed Capabilities Support Division of the Department of Operational Support would continue to reimburse troop-contributing countries for functional major equipment present in the mission area, as well as for uniformed personnel net of proportional deductions for absent and non-functional major equipment. Furthermore, a broad-based performance framework would have to be developed under the substantive direction of the Department of Peace Operations, with the Uniformed Capabilities Support Division taking the lead on those elements related to reimbursement issues. The Administration added that, to improve operational efficiency and the performance of uniformed personnel (units and individuals), it had established a process to ensure that fully capable units, which met the requirements of the Peacekeeping Capability Readiness System and the Statements of Unit Requirements, were generated. The units were validated during enhanced predeployment validations. In that regard, the Administration had initiated the following actions:

(a) A framework for military performance evaluation was being developed. The Administration is conducting a military capability study. Based on the results of the study, all mission Statements of Unit Requirements would be revised. Of the 129 different Statements of Unit Requirements (the number of units is almost twice as much), 74 Statements of Unit Requirements were identified for revision. Of these, 34 Statements of Unit Requirements had already been revised. The review of the remaining 40 Statements of Unit Requirements would be completed in the first quarter of 2019;

(b) The Administration had established the Statements of Unit Requirements working group, to review the process supported by the reimbursements and payments solution project for automation;

(c) Starting January 2019, the generation of Statements of Unit Requirements would be partially automated and aligned to the new format. All officers of the Military Planning Service attended a week-long training to operate the new system;

(d) The Administration had finalized Statements of Unit Requirements in close coordination with the Force, as well as Mission Support.

148. The Board acknowledges the Administration's readiness to implement the general rule on best value for money and concedes that inviting all potential countries might protract the generation processes, but considers it imperative that there be more competition among potential contributors. If their number increases, so will competition, which will put the United Nations in a better position when negotiating and when dealing with caveats. Urgent situations might still be addressed by referring to the data provided by the Peacekeeping Capability Readiness System.

149. The Board recommends that the Administration accept caveats only after mission consultation and adopt a policy that any caveat must be stated by the troop-contributing countries officially and in written form in order to become valid.

150. The Administration concurred with the recommendation. It stated that it was a United Nations Headquarters prerogative to minimize and mitigate caveats. No units were expected to be deployed with caveats for operational performance/service. Therefore, the definition of caveats and the language of refusing caveats would be included in United Nations policies, Statements of Unit Requirements, memorandums of understanding, letters of assist and military manuals. The meaning of a caveat, in

this context, had been identified and would be expressed in the United Nations manual on military infantry. All Statements of Unit Requirements indicated that, while in a mission, each single unit would be governed by the provisions of its Statement of Unit Requirements, and if any discrepancy occurred, the interpretation of the Office of Military Affairs would be final and binding. Statements of Unit Requirements were also annexed to memorandums of understanding and letters of assist. Once a formal definition of caveats was fully developed, it would be incorporated into the Statement of Unit Requirements. In addition, troop-contributing countries were encouraged to minimize declared caveats, accomplished through memorandums of understanding and/or letters of assist, during the briefings of those countries' delegations and direct engagement with the permanent missions in New York. The Administration expects to implement the recommendation in the fourth quarter of 2019. The Administration also agrees that any caveats, if proposed by troop-contributing countries, should be formally transmitted to the Under-Secretaries-General for Peacekeeping Operations and Field Support and included, where appropriate, in relevant documentation. The model memorandum of understanding was agreed to by the General Assembly and reflected in the Manual on Policies and Procedures concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police Contributors Participating in Peacekeeping Missions (A/72/288). Any changes to the generic model would require prior concurrence from the Assembly. However, caveats could be identified, as part of the "deviation tables", which serve as documentation of any agreed-upon deviations from the Statement of Unit Requirements. Appropriate consultation with the relevant field mission should occur, and prior to the acceptance of any caveats.

151. The Board recommends that the Administration submit a proposal to the Working Group on Contingent-Owned Equipment, for consideration by the General Assembly, that performance criteria be included in the memorandums of understanding with the Member States. The Board recommends that the Administration also submit a proposal to the Working Group on Contingent-Owned Equipment, for consideration by the Assembly, to the effect that performance criteria shall be linked to the reimbursement rates.

152. The Administration concurred with the recommendation.

153. The Board recommends that the Administration implement the force generation process in Umoja.

154. The Administration concurred with the recommendation. Further alignment of the draft force generation manual, which would cover the entire process of force generation supported by Umoja, would help to address any conflict of interest and regulate the competitive selection of contributing countries.

6. Meeting the missions' needs – capability gaps

155. In its resolution [2378 \(2017\)](#), the Security Council stressed the need to address the issue of capability gaps.

Equipment is sometimes too scarce and sometimes too much

156. The United Nations depends on the equipment the troop-contributing countries offer. Sometimes equipment does not match a mission's needs or is not on offer in the first place.¹⁷ The issue of the lack of or inadequate equipment pertains primarily to

¹⁷ UNMISS has, for instance, been found to be underequipped with regard to instruments and vehicles adapted to the climatic conditions in South Sudan, and MINUSMA incurred fatalities due to a lack of armoured personnel carriers.

capabilities that are rarely used. The Board holds that the Administration should not simply accept those gaps, but instead seek to procure the items.

157. The Board found missions that had been equipped with outdated or redundant equipment. For UNMISS, that issue posed severe challenges, as it lacked the logistical means to close a base during the rainy season.

158. The comprehensive independent review of MINUSMA has shown that well-performing United Nations troops in sectors with high casualties also had the largest equipment gaps with respect to armoured personnel carriers and field hospitals.

159. Missions report cases of contingents that are badly equipped but are found to have very reliable soldiers. On the other hand, missions report cases of contingents bringing equipment, as negotiated with the Administration, that will not be needed but that is nevertheless reimbursed. The Board learned from the Administration that it sometimes tolerates having to pay for superfluous equipment because the number of potential troop-contributing countries is considered low, which puts the Administration in a bad position when negotiating a memorandum of understanding.

160. The Board holds that this demonstrates once more the need to expand the number of possible contributing countries and to be clear about requirements. A transparent analysis based on objective criteria would help to identify capability gaps. It should be accompanied by an analysis of a mission's assessment of equipment supplied by troop-contributing countries to identify redundant items, which could help channel funds to where they are needed most. Reimbursement for equipment that will most likely not be needed is a waste of money.

161. The Board is of the view that well-performing contingents from troop-contributing countries which lack some necessary equipment could perform even better if they are provided with it.

Better training could decrease fatalities

162. In paragraph 47 of its resolution [49/37](#), the General Assembly stated that the training of personnel for peacekeeping operations was essentially the responsibility of Member States. The Board learned that fatalities often affect contingents that are willing to take risks, but those contingents should have been trained better before their deployment. The Administration has already started to outsource training to third countries.

163. The Board considers that this approach could increase the efficiency of operations. If the practice becomes more widespread, the Board invites the Administration to consider proposing an amendment to resolution [49/37](#).

164. The Administration acknowledged the Board's observations relating to capability gaps. It is of the view that, in order to expand the number of possible contributing countries and to be clear about requirements, it is imperative to undertake a transparent analysis based on objective criteria to identify capability gaps. It should be accompanied by an analysis of a mission's assessment of equipment provided by troop-contributing countries to identify redundant items, which could help channel funds to where they are needed most, so that reimbursement is paid only for needed equipment. It would also help enhance the operational efficiency and performance of contingents from troop-contributing countries that lack some necessary equipment.

165. The Administration further clarified that, during the negotiation process for memorandums of understanding, field missions were consulted to ensure that the capabilities being offered by the troop-contributing countries to meet the Statement of Unit Requirements were aligned with mission conditions and requirements. In those instances where the capabilities of contingents from troop-contributing

countries were not perfectly aligned with the Statement of Unit Requirements, a deviation table was prepared with the concurrence of the Department of Peacekeeping Operations and the Department of Field Support.

166. The Administration stated that any issues related to equipment deployed to UNMISS and MINUSMA should have been referred to the Administration by the respective missions through the Contingent-Owned Equipment/Memorandum of Understanding Management Review Board. A field Review Board has been established in each peacekeeping mission. A coordinating Headquarters body, broadly analogous to the field Review Board, has also been established to address issues related to contingent-owned equipment and memorandums of understanding and to communicate to the field regarding decisions made and actions taken. The purpose of the Contingent-Owned Equipment/Memorandum of Understanding Review Board is to provide a forum for collective and consultative deliberation, leading to the development of recommendations on issues related to memorandums of understanding, contingent-owned equipment and the reimbursement of formed units deployed to the field missions. The field Review Board considers mission-specific capability and reimbursement issues requiring cross-departmental coordination, as well as those systemic issues that cut across missions and require guidance. The Headquarters Review Board develops advice on memorandums of understanding, reimbursement and contingent-owned equipment performance and changing requirements. It also reviews the field Review Board's recommendations related to the application of the reimbursement framework, as well as major operational or policy issues affecting one or more missions. That is done with a view to providing recommendations and advice to the relevant decision-makers in the Department of Peacekeeping Operations and/or the Department of Field Support.

167. The Board recommends that the Administration oversee the missions to ensure that redundant and outdated equipment is removed.

168. The Board recommends that the Administration support troop-contributing countries which lack necessary equipment or training by providing it to them, if necessary by third countries.

169. The Administration concurred with the recommendation to support troop-contributing countries which lack necessary equipment or training. With regard to training support, the activities were undertaken at the request of troop-contributing countries and were often directed at new and/or emerging troop-contributing countries, or those deploying a new type of unit for the first time. In 2018, the Administration had undertaken 10 such activities, where targeted training support was provided to troop-contributing countries, including by working with their trainers at their national training centres. Two training-providing countries delivered counter-improvised explosive device training to five MINUSMA troop- and police-contributing countries (one country to four MINUSMA troop- and police-contributing countries and the other to one MINUSMA troop- and police-contributing country).

170. The Administration agreed with the Board's recommendation that, in those instances where capabilities may be inadequate, remedial options to meet gaps could be explored to ensure that required capabilities were available to the field missions. The Administration would inform and advise on the force selection process, particularly on those elements related to memorandum of understanding and reimbursement issues.

Emergency evacuation and medical care need support from the Special Representatives of the Secretary-General

171. All Member States collectively committed to take active and concerted measures to address the rise in peacekeeper fatalities and enhance safety and security, and, in that regard, noted the importance of the Secretary-General's Action Plan and Peacekeeping Training Plan, as well as efforts to continually improve medical, technical and logistical support in peacekeeping operations.¹⁸

172. In its resolution [2436 \(2018\)](#), the Security Council welcomed the efforts undertaken by the Secretary-General to mobilize all partners and stakeholders in support of more effective United Nations peacekeeping through his "Action for Peacekeeping" initiative, which includes, inter alia, improving the safety and security of peacekeepers, and recognized that deficiencies in training, equipment and performance can increase risks to the safety and security of peacekeepers, including leading to increased risk of fatalities.

173. The report of Lieutenant General (Retired) Alberto dos Santos Cruz of 19 December 2017, entitled "Improving security of United Nations peacekeepers: we need to change the way we are doing business", recommended that mission leadership should ensure decentralized casualty and medical evacuation procedures to avoid delays. Mission leadership should immediately clarify the procedures for casualty evacuations and decentralize the process so that decision-making and control of air assets rest with the sector headquarters. The sector commander or battalion commander, depending on the operational level of command and control of the operation, should be able to task air assets for evacuation.

174. The Secretary-General intends to strengthen the Secretariat's accountability system to support his proposed new management paradigm, under which greater authority will be delegated to managers entrusted with the responsibility to deliver on the Organization's mandates, who in turn will be held accountable for their decisions, performance and conduct. The annual workplans agreed to by the senior officials of the Organization and the Secretary-General regarding the results they are individually expected to achieve will include the results established in the planning and budget documents, as well as a set of compliance, accountability and managerial objectives that reflect the priorities of the Member States and the Secretary-General. The annual compacts will serve as the basis for assessing their performance ([A/72/773](#)).

175. The Board is of the view that the existence of readily available medical assistance is vital to reducing fatalities and to the security of peacekeepers. It would also assure soldiers in contingents that they will be evacuated if they are wounded, and the increased security might prevent some hidden caveats. Reliable field hospitals must therefore be within the reach of aircraft/helicopters that perform casualty and medical evacuations. Mission leadership should immediately clarify and if necessary simplify the procedures for casualty evacuations, ensure that everyone knows about them and organize regular exercises and rehearsals.

176. The Board recommends that the Secretary-General include reliable evacuation and medical care in the compacts of the Special Representatives of the Secretary-General in peacekeeping missions to assure contingents and civilian staff of their security in case of emergency.

177. The Administration concurred with the recommendation. However, it wished to clarify that the inclusion of any related special objective in the compacts of the Special Representatives of the Secretary-General could only come after the

¹⁸ See Declaration of Shared Commitments.

appropriate guidance/standards were issued and the related performance framework had been established. Although guidance, such as the casualty evacuation policy, had been established, it could be more feasible to recommend, as a first step, that standard operating procedures for mission casualty evacuations be revised to align with current policies on such evacuations. The revised standard operating procedures should also be tested to assure contingents and civilian staff of their security, in case of emergency. Once performance metrics were established, the inclusion of an objective in the compacts of the Special Representatives could be considered.

178. The Board holds that the Administration is free to split implementation of the recommendation into several chronological steps. However, it should keep in mind that this issue deals with emergency cases and the full implementation of the recommendation should take place during 2019.

7. Workplans and guidelines

Workplans for integrated operational teams need updating

179. The Administration maintains integrated operational teams, which are responsible for integrated planning and integrated operational guidance and support to operations led by the Department of Peacekeeping Operations on mission-specific issues that cut across specialized functional areas, while specialized functional areas remain responsible for the provision of technical guidance across missions in their specific areas of responsibility (see [ST/SGB/2010/1](#)). Integrated operational teams play a crucial role, as they are the principal advisers to the Under-Secretary-General for Peacekeeping Operations on all matters.

180. The Board found that the regional divisions of the Administration include a total of seven integrated operational teams. Each team operates according to a yearly workplan which sets out objectives, processes and staff requirements ([ST/AI/2010/5](#), para. 6.1).

181. The workplan for the Great Lakes Integrated Operational Team with responsibility for MONUSCO has not changed at all since 2016, despite the events that have since occurred in the Democratic Republic of the Congo. The repeated workplan listed goals to be met, including providing strategic advice, contributing to assessment and planning, providing briefings, following up on decisions, maintaining strong relations with internal and external partners and engaging on key policy issues. Success criteria included effective dialogue, high-quality and timely integrated and coordinated documentation, effective partnerships and active participation in cross-cutting peace and security issues.

182. The Board holds that the goals and success criteria of the Great Lakes Integrated Operational Team's workplan are rather vague and unspecific. It is difficult to perceive how someone would assess whether the goals were achieved and the success criteria were met. They do not directly relate to the situation on the ground and were unaffected by fundamental changes in the Democratic Republic of the Congo.

183. The Board recommends that the Administration review the objectives, processes and staff requirements of integrated operational teams, considering the upcoming new peace and security structure.

184. The Administration concurred with the recommendation. With the shift of the integrated operational teams into a single regional political and operational structure on 1 January 2019, there will be a need to review workplans and the functioning of the teams. The matter was one of the many workstream issues that were under review by the Secretary-General's transition teams in the context of the peace and security and management reforms. The Administration added that considerable adjustments had already been made to the staffing structure of the integrated operational teams.

Those adjustments, which were reviewed and approved by the Secretary-General's transition team focused on issues of peace and security, were already reflected in the new organizational charts, effective 1 January 2019. The staffing requirements of integrated operational teams were reviewed every fiscal year, in connection with the preparation of the support account budget, to ensure scalability of the teams, as requested by the General Assembly. The strategic priorities of the missions, which the teams support, were reviewed twice a year, in connection with the preparations of mission budgets and mandate renewals. The next review of staffing for the integrated operational teams would be conducted in the first quarter of 2019, with a view to submitting the resource requirements for the support account budget for the 2019/20 financial period. The workplans of the teams for 2019 were being developed to reflect the regional and subregional aspects of the new single regional and political-operational structure. For example, adjustments to the workplan of the Great Lakes Integrated Operational Team were under way to ensure that it more specifically reflects the changes/adjustments to the mandate of MONUSCO.

185. The Board further recommends updating the integrated operational teams policy based on this review.

186. The Administration concurred with the recommendation. The guidelines for integrated operational teams would need to be reviewed, following the peace and security and management and support reforms. The guidelines provided a flexible and easy to use framework for the teams. The establishment of a more formal framework, such as a policy, may not provide the necessary flexibility to integrated operational teams. The Administration, however, would update the team guidelines, in close coordination with regional Assistant Secretaries-General of the single regional political-operational structure (the Office of Military Affairs, the Office of Rule of Law and Security Institutions and the Department of Operational Support, Division for Special Activities). The recommendation is expected to be fully implemented in the fourth quarter of 2019.

Important guidelines are outdated

187. The mission concept guidelines for the Department of Peacekeeping Operations, the Department of Field Support and the Department of Political Affairs have been due for review since 1 July 2015 and are outdated. The Administration stated that the mission concept guidelines were currently under revision and scheduled to be adopted in 2019. The reasons for the delay in the review included: (a) a priority on conceptualizing and developing a new policy on planning of peacekeeping operations, which changed the hierarchy of planning documents (the policy on planning and review of peacekeeping operations); (b) priorities focusing on the peace and security and management reforms (i.e., guidelines for the three departments – the Department of Peacekeeping Operations, the Department of Field Support and the Department of Political Affairs – as well as the revision of the policy on authority, command and control in United Nations peacekeeping operations); and (c) staff shortages.

188. In 2010, the structure of the Department of Field Support and the functions of its divisions were described in the Secretary-General's bulletin on its organization ([ST/SGB/2010/2](#)). Although there have been organizational changes to the Department since then, no updated version of the bulletin exists. The Board already made a recommendation relating to Department of Field Support in its report for the 12-month period from 1 July 2015 to 30 June 2016 ([A/71/5 \(Vol. II\)](#), chap. II, para. 398).

189. The Board holds that the transition to the new peacekeeping structure at the beginning of 2019 requires the review of the Secretary-General's bulletins, administrative instructions, policies, guidelines, standard operating procedures and

manuals in general. Reviews of those documents need to include the ongoing roll-out of the enterprise resource planning system, Umoja, which affects an increasing number of peacekeeping areas. Implementation of the peace and security reform will suffer if those documents do not include recent changes to processes and structure, including the Umoja roll-out.

190. The Board recommends that the Administration draft a review agenda for all its policies, guidelines, standard operating procedures and manuals. It is vital that all these regulations reflect the increasing implementation and significance of Umoja for all support and substantive United Nations processes. They should be accordingly corrected or amended if they do not.

191. The Administration concurred with the recommendation and recognized the need to set up a review agenda for all policies, guidelines, standard operating procedures and manuals.

8. Management of contingent-owned equipment and troop strength reporting

192. Member States are asked to contribute military and police personnel as well as equipment required for each peacekeeping operation. As at 30 June 2018, there were 14 active United Nations peacekeeping operations, with 124 countries contributing 79,601 military personnel, 10,705 police personnel and 57,138 items of major equipment.

Background – reimbursement process for contingent-owned equipment

193. A memorandum of understanding between the United Nations and the troop- or police-contributing country is established for every formed military or police unit deployed to a peacekeeping mission. The memorandums establish the administrative, logistic and financial terms and conditions for the provision of personnel, major equipment and self-sustainment support services.¹⁹ On the basis of standard rates predetermined by Member States, contributing countries are reimbursed equally for providing the same generic types of personnel, equipment or self-sustainment services.

194. The current reimbursement framework for contingent-owned equipment is specified in the Manual on Policies and Procedures concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police Contributors Participating in Peacekeeping Missions ([A/72/288](#)).

195. After contingents have deployed, United Nations staff in the field conduct various verification inspections to ensure each party is meeting its obligations under the terms of the memorandum of understanding. After each inspection, a verification report is created and sent to United Nations Headquarters. They are reviewed against the memorandum of understanding by the Department of Field Support and the reimbursement is calculated and dispersed to the contributing country. Claims are calculated on a quarterly basis and paid in March, June, September and December each year. Expenses for contingent-owned equipment and self-sustainment amounted to \$994.9 million in the financial year 2017/18.

Background – reimbursement process for troops and formed police units

196. In its resolution [67/261](#), the General Assembly approved a new methodology to allow for a quadrennial consideration of the rates of reimbursement of contingent and formed police personnel. In its resolution [68/281](#), the Assembly decided to establish

¹⁹ Self-sustainment consists of equipment and services provided by a troop and/or police contributor to support a unit on a reimbursable basis.

a single rate of reimbursement to countries contributing contingent personnel to United Nations field operations in the amount of \$1,410 per person per month as from 1 July 2017. Expenses for contingent troop and police costs amounted to \$1.53 billion in the financial year 2017/18.

197. Verification of actual troop strength as agreed in the memorandums of understanding is based on self-reported data from the military/police units in the field. The reported data are verified against the troops' arrival and departure figures captured in the reports of the movement control units. The personnel branches of the police and military prepare monthly troop-strength analysis reports that are approved by the Force Commander/Police Commissioner and certified by the Director/Chief of Mission Support before they are forwarded to Headquarters. The troop-strength reports are reviewed against the memorandum of understanding by the Department of Management and the reimbursement is calculated and dispersed to the contributing country.

Unclear shelf life and levels of ammunition

198. Pursuant to the Manual on Policies and Procedures concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police Contributors Participating in Peacekeeping Missions, contributing countries are reimbursed for deploying ammunition to and from the mission area. Furthermore, they are entitled to submit claims for reimbursement for ammunition or explosives that become unserviceable, have exceeded their expiry dates or are considered unsafe or not cost effective to repatriate to the respective home country. Contributing countries are responsible, however, for deploying ammunition with an expected life in excess of the anticipated length of deployment.

199. The Board found that, currently, there is limited guidance with regard to how to interpret the requirement that ammunition should be deployed with an expected life in excess of the anticipated length of deployment. The guidelines on levels of ammunition for peacekeeping operations date from 2002. According to those guidelines, 12 months is the normal deployment time for a contingent and accordingly calculations of minimum numbers of rounds per weapon had been described for 12 months of operations. No information on shelf life, such as an upper age limit, was provided.

200. The Board observed that given the lack of guidance, some missions developed their own standards for the minimum shelf life of ammunition. The Board found that in 2012, MONUSCO had established a standard operating procedure that required that ammunition be safe to deploy and should not be older than 20 years from time of manufacture. However, it only established an upper age limit for ammunition and provided no further guidance on shelf life based on storage or climate conditions. In 2016, UNMISS issued guidelines which limited the ammunition shelf life to 20 years as well, but that limit was rejected by a Member State.

201. Pursuant to the guidelines on levels of ammunition for peacekeeping operations, decisions on the quantity of ammunition required for any particular mission is made by the Military Division/Civilian Police Division/Force Commander in conjunction with troop and/or police contributors during predeployment planning after all factors are considered. The Board reviewed five recent memorandums of understanding which established the administrative, logistic and financial terms and conditions for the provision of personnel, major equipment and self-sustainment support services by troop- and/or police-contributing countries. None of the agreements included details on the amount of ammunition to be deployed to the mission area.

202. Pursuant to existing guidelines, missions should assist contributing countries in the disposal of unserviceable or expired ammunition by destructive means, utilizing

the mission's force explosive ordnance disposal capabilities, the United Nations Mine Action Service or commercial means. Troop- and/or police-contributing countries may submit claims for the costs of the disposed ammunition using the Operational Ammunition Expenditure Certificate.

203. The United Nations Mine Action Service provided support to contributing countries as part of its weapons and ammunition management work, for example through the disposal of ammunition that had expired or was unserviceable. During the financial year 2017/18, 639,832 items of ammunition from contributing countries were disposed of at the request of three missions. During the previous financial year, 2,230,221 items of ammunition from troop-contributing countries were disposed of in those same missions. No information was available as to whether that ammunition had been disposed of because it was unserviceable or because its shelf life had expired. With regard to related costs charged from the missions for ammunition disposal, a specific breakdown was not available, as the United Nations Mine Action Service's weapons and ammunition management work was carried out as part of the overall allocation under the missions' assessed budgets.

204. Between February 2017 and June 2018, UNMISS had identified 37.27 tons of unserviceable ammunition, of which some 35.82 tons had been disposed of. The exact cost equivalent was difficult to establish, as it is affected not only by quantity but also by nature, location, the size of the disposal area, the means involved and post-demolition remediation requirements. UNMISS estimated the cost of disposal per ton ranged between \$1,500 and \$10,500.

205. The Board notes that the Organization incurs costs when it reimburses contributing countries for deploying ammunition to the mission area, reimburses ammunition that becomes unserviceable or reaches its expiry date in the mission area and has to pay for its disposal. There are indirect additional costs related to the ammunition disposal, such as costs for transport, as ammunition needs to be collected at specific disposal sites. For example, owing to safety concerns, unserviceable/expired ammunition had to be transported to disposal sites by air. As costs for the disposal of ammunition are not tracked separately, the Organization cannot quantify related costs.

206. The Board holds that the amount of troop contributors' ammunition disposed of indicates that in some missions too much ammunition becomes unserviceable or expires too soon. That raises questions concerning adequate stockpile management and the identification of surpluses that do not constitute an operational need, as well as inadequate minimum age limits for ammunition deployed.

207. The Board considers current guidance on ammunition shelf life and ammunition levels to be inadequate and allows for different interpretations by missions and troop contributors. That policy gap exposes the Organization to the risk of large amounts of expired and unserviceable ammunition in mission areas that need disposal, to financial risks related to ammunition disposal and to the risk of incoherent standards across missions when they have developed their own guidance.

208. The Board notes that the Office of Military Affairs has established a working group to revise the existing ammunition guidelines to address ammunition shelf life, levels and storage issues.

209. The Board recommends that the Administration analyse the direct and indirect costs associated with the disposal of unserviceable and expired ammunition from troop- and/or police-contributing countries and inform Members States accordingly.

210. The Board recommends that the Administration finalize the review of the ammunition guidelines, establish an adequate upper age limit for ammunition

deployed by troop and/or police contributors, and include guidance for adequate stockpile management and the identification of ammunition that does not constitute an operational need.

211. The Administration concurred with the findings and recommendations. It stated that the working group tasked with revising ammunition guidelines is expected to finalize its work in the second quarter of 2019.

Processing of Operational Ammunition Expenditure Certificates needs improvement

212. Pursuant to the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding, the expenditure of ammunition and explosives is reported, for reimbursement purposes, using Operational Ammunition Expenditure Certificates. The contingent is responsible for the initial preparation of an Operational Ammunition Expenditure Certificate. Once processed by the mission, one copy should be provided to the contingent and another copy forwarded on a quarterly basis to the Department of Field Support. The certified Operational Ammunition Expenditure Certificates submitted by the missions were supposed to be used by Headquarters to validate claims made by troop- and/or police-contributing countries.

213. The Board reviewed the processing of claims for expended ammunition at Headquarters and found that the current system did not include controls to detect and prevent duplicate submissions of claims. Contrary to the procedure described in the guidelines, Headquarters did not receive Operational Ammunition Expenditure Certificates on a quarterly basis from missions. There was no central repository of Operational Ammunition Expenditure Certificates that could control for certificates already received and processed.

214. The Board observed that the Administration had no overview of how many claims for expended ammunition had been processed. The organizational unit receiving the claims from Member States stated that, since 2013, 33 operational ammunition claims had been paid, with a value of \$0.5 million. The organizational unit verifying the claims provided an overview for the period from March 2014 to July 2018 totalling 82 claims amounting to \$11.0 million. The Board reviewed 11 claims paid in the amount of \$218,995.26 and found that 6 claims had been charged to the wrong accounts; for example, 3 claims in the amount of \$82,959.65 had been charged to the account for troop reimbursement.

215. The Board holds that charging expenses for ammunition and explosives to the wrong accounts undermines proper reporting and analysis of related expenses and exposes the Organization to the risk of inaccurate presentation and disclosure in the financial statements of expenses for contingent-contracted services. The Board considers it worrisome that both key units within the Department of Field Support responsible for the receipt and verification of Operational Ammunition Expenditure Certificates could not reconcile the number of claims and related amounts processed.

216. The Board recommends that the Administration ensure the reconciliation of received and verified claims for expended ammunition and explosives.

217. The Board recommends that the Administration conduct a comprehensive review of the Operational Ammunition Expenditure Certificates process, with due regard to controls ensuring accuracy, and subsequently rectify deficiencies identified.

218. The Administration concurred with the recommendations. It expects to implement the recommendation to reconcile the claims for expended ammunition and explosives in the third quarter 2019.

Incorrect arrival inspections for ammunition and explosives

219. Pursuant to the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding, all ammunition and explosives deployed to a mission are to be inspected and verified during the arrival inspection. The purpose is to verify that the quantity, type and serviceability of contingent-owned ammunition and explosives deployed meet the requirements in accordance with the respective memorandum of understanding.

220. Troop and/or police contributors are responsible for deploying ammunition with an expected life in excess of the anticipated length of deployment. An inventory of the ammunition and explosives held by the unit, specifying item description, type, quantity and date of expiration, should be prepared and attached to the arrival inspection verification report for major equipment and submitted to United Nations Headquarters for further action.

221. The Board requested the ammunition inventories created during the last five arrival inspections from seven missions²⁰ and received 17 ammunition inventories. The Board reviewed whether the ammunition inventories were compliant with the guidelines for arrival inspections and included all requested details. While details on type and quantity had been included on all inventories, only six included details on the serviceability of the ammunition and explosives deployed. Only one ammunition inventory recorded the date of expiration, but only for a few ammunition categories.

222. The Board reviewed all signed and finalized arrival inspection verification reports for major equipment submitted to United Nations Headquarters through the electronic contingent-owned equipment system for the financial year 2017/18. None of the 22 verification reports uploaded included details on the ammunition and explosives deployed or a separate ammunition inventory report.

223. That situation occurred because the arrival inspections for ammunitions and explosives had not been properly conducted in accordance with related guidance. As a result, there was a risk that missions accepted expired ammunition and explosives during arrival inspections. During its field audits, the Board found that this risk had actually materialized in UNAMID. After reviewing ammunition status reports for 27 currently deployed military and/or police units, the Board found that 6 units from five different contributing countries had deployed ammunition with expiration dates that predated the deployment of those units between 2009 and 2015. While related verification guidance was only issued in 2015, decisions by Member States²¹ and the memorandums of understanding with troop and police contributors required them to deploy ammunition with an expected useful life in excess of the anticipated mission length.

224. The Board holds that, without properly conducting arrival inspections for ammunition and explosives, the missions reviewed could not verify compliance with the performance standards agreed in the memorandum of understanding. That exposed the Organization to financial risks, as contributing countries are entitled to submit claims for reimbursement for ammunition or explosives that reach their expiry dates in the mission area.

225. The Board emphasizes that clearly expired ammunition should not be accepted during arrival inspections. It creates a safety risk, as ammunition degrades over time and becomes unstable, increasing the likelihood of malfunction during operational use.

²⁰ MINUSCA, MINUSMA, MONUSCO, UNAMID, UNISFA, UNMISS and UNSOS.

²¹ [A/C.5/49/66](#), annex, paras. 48 (a), (b) and (d); [A/C.5/49/70](#), annex, appendix I.A, para. 19.

226. **The Board recommends that the Administration establish a compliance control to ensure that its contingent-owned equipment inspectors properly conduct arrival inspections for ammunition and explosives, as specified in the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding.**

227. **The Board recommends that the Administration review all inventories of ammunition and explosives held by military/police units in missions for compliance with the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding, and update missing information in particular on the date of expiration.**

228. The Administration concurred with the recommendations.

Contingent-owned equipment performance analysis framework

229. In March 2015, a contingent-owned equipment performance analysis framework was introduced in support of the overall management of contingent-owned equipment. The framework contained guidelines, business processes, key performance indicators and a quarterly review and reporting regime both in the field and at United Nations Headquarters. Two indicators measure the compliance of field missions with contingent-owned equipment management business processes and four indicators measure contingent-owned equipment performance in relation to memorandums of understanding.

230. The Board reviewed the current performance analysis framework and found that critical performance shortfalls of a mission's contingent-owned equipment programme would not be captured. The current framework measured the timely submission of verification reports and the percentage of major equipment items inspected. The Board observed, however, that it did not measure qualitative performance aspects, for example, whether a properly functioning mission contingent-owned equipment management structure had been established or whether verification inspections and control activities had been correctly completed. The Board found no mechanisms in place that would control for the quality of the verification reports, for example through sample checks.

231. The Board acknowledges that the current contingent-owned equipment performance analysis framework enhances the capacity to make informed decisions on the management and control of contingent-owned equipment. In particular, performance analysis in relation to memorandums of understanding with troop- and/or police-contributing countries was improved. However, the effective functioning of missions' contingent-owned equipment programmes, and particularly the proper conduct of inspections, form the basis for the key performance indicators that measure the performance of contributing countries in relation to memorandums of understanding. Thus, there is the risk that the Organization relies on inaccurate or incomplete verification reports for the management of contingent-owned equipment and memorandums of understanding.

232. **The Board recommends that the Administration establish key performance indicators that measure qualitative aspects of missions' contingent-owned equipment programmes, such as, but not limited to, the proper conduct of verification inspections and control activities.**

233. The Administration concurred with the recommendation.

Monitoring and reporting of levels of contingent-owned equipment vehicles

234. The worldwide vehicle third-party liability insurance purchased through United Nations Headquarters provides protection against legal liabilities which the United Nations may incur in case of an accident involving a United Nations vehicle. The covered vehicles include contingent-owned equipment. There is an insurance premium adjustment when the change in fleet size is more than 5 per cent.

235. The manual on surface transport management in the field requires missions to compile and submit to the Department of Field Support monthly reports and documentation regarding its fleet status for use in procuring the third-party liability insurance required for all vehicles owned and operated by the missions. Once received from the missions, the monthly data on vehicles to be insured are consolidated into one report by the Logistics Support Division and subsequently forwarded to the Accounts Division. At the end of the budget year, the data on the number of vehicles are reviewed for possible adjustments to the insurance premium.

236. The Board noted that UNAMID had not adjusted the reported number of contingent-owned equipment vehicles and mobile equipment, despite major reconfigurations of the mission. The Board found that, because of a lack of adequate and effective coordination between the Contingent-Owned Equipment Unit and the Transport Section, the same number of contingent-owned equipment vehicles had been reported every month. Owing to the absence of additional controls, the inaccuracy of the data was not discovered by Headquarters.

237. The Board holds that the accuracy of monthly insurance reports for vehicles is important, as the data have direct financial implications for the accurate calculation of insurance premiums as well as the contractual relationship with the insurance provider. The absence of appropriate controls to ensure accuracy regarding the number of vehicles to be insured exposed the Organization to the risk of overstating or understating that number and a possible lack of insurance coverage.

238. The Board recommends that the Administration establish controls and monitoring mechanisms to detect inaccurate monthly insurance reports for vehicles.

239. The Administration concurred with the recommendation. It stated that the recommendation is expected to be implemented in the second quarter of 2019.

Insufficient controls to ensure field missions provide accurate reporting of troop and formed police unit strength

240. Reimbursement for troops and formed police units and self-sustainment services is based on the actual troop strength reported from field missions. The Board reviewed the existing reporting processes and related controls over troop-strength reporting in four missions.²² Actual troop strength was reported by the respective commander of each military/police unit through the mission chain-of-command. The Board observed that the self-reported data were not verified by the missions (e.g., through roll calls, etc.). The Board notes that the Administration reported a case of fraud in which a commanding officer had falsified attendance for two members of his unit who had departed on home leave and never returned. Their absence and false attendance sheets were discovered only when the contingent went through its check-out process.

241. The personnel branches of the police and military are required to prepare the monthly troop-strength analysis reports by consolidating the data on troop strength they receive daily and collaborating with the contingents for data accuracy. After a

²² MINUSMA, MONUSCO, UNAMID and UNMISS.

review by the Contingent-owned Equipment Unit, a hard copy is signed for approval by the Force Commander or Police Commissioner and certified by the Director of Mission Support. The reports are then sent for review and reimbursement to the Department of Management.

242. None of the missions reviewed could provide documentation of their reporting processes for the monthly troop-strength analysis reports, including whether internal controls were in place to ensure reporting accuracy. Controls were limited to a review to ensure matching balances between the beginning balances of the reporting month and the ending balance of the previous month, and whether the reported level of troops exceeded the authorized levels as agreed in the memorandum of understanding with the contributing country. The Board observed that missions did not conduct sample checks and reconcile the data from the troop-strength analysis reports with, for example, data on the permanent repatriation of uniformed personnel.

243. The Board noted that the practices and processes for reporting the strength of troops and formed police units were not formalized and there were no clear guidelines. The only guidance available was from the Department of Management, which was limited to instructions on how to report troop strengths in a reporting template.

Accuracy of monthly troop-strength analysis reports from field missions was questionable

244. The Board found that the certified reports submitted from field missions to Headquarters on the monthly troop strengths were not always accurate and contained various errors.

245. At UNAMID, the Board reviewed all medical repatriations for military units for the financial year 2017/18 and found eight mismatches between repatriation records and losses recorded in monthly troop-strength analysis reports. The Board conducted additional tests for accuracy, such as matches between monthly ending and beginning balances and matches between daily and monthly troop-strength analysis reports. The Board noted inaccuracies that had been communicated to UNAMID through the Board's management letter on the external audit of UNAMID.

246. The Board reviewed the approved and certified monthly troop-strength analysis reports for military units in 13 missions for February 2016, as it was a leap year.²³ The Board found that 7 of the 13 missions had correctly recorded 29 days for their military units but had based their calculations of the average person-month on 28 days.²⁴ As a consequence, the monthly troop-strength analysis report overstated the average person-month for each unit. MONUSCO even recorded troops for 31 days in February 2016. Despite the obviously inaccurate calculation of the average person-month, all reports for the military units had been approved by the force commanders and certified by the directors/chiefs of mission support, page by page.

247. The Board found the same problem with regard to the monthly troop-strength analysis reports on the deployed formed police units for February 2016. Of the 13 missions reviewed, 9 had a police component and reported troop strength accordingly. While all 9 correctly reported the strength of their formed police units for 29 days, 4 based the calculation of the average person-month on 28 days.²⁵ Despite the obviously inaccurate calculation of the average person-month, all reports for the

²³ MINURSO, MINUSCA, MINUSMA, MINUSTAH, MONUSCO, UNAMID, UNDOF, UNFICYP, UNIFIL, UNISFA, UNMIL, UNMISS and UNOCI.

²⁴ MINURSO, MINUSCA, MINUSMA, UNDOF, UNIFIL, UNISFA and UNMISS.

²⁵ MONUSCO, UNAMID, UNISFA and UNMISS.

formed police units had been approved by the police commissioners and certified by the directors/chiefs of mission support, page by page.

248. The Board holds that the approval and certification of the obviously incorrect monthly troop-strength analysis reports for February 2016 raises serious questions on the quality of the approval and certification processes in place. The Administration emphasized that the calculations performed by Headquarters of the average person-month for February 2016, which were the basis for the reimbursements, were done based on the correct number of 29 calendar days for that month in 2016. While the current control procedures at Headquarters would detect and correct false calculations of the average person-month by field missions, they would not detect, for example, the inaccurate reporting of medical repatriations from the field.

249. The above situation occurred because missions had not implemented adequate internal controls and verification procedures to ensure the accurate reporting of troop strength for reimbursement purposes, and because approving and certifying officers had not properly exercised their duties.

250. The Board notes that a recent audit by OIOS found the verification of troop strength in UNIFIL to be inadequate.²⁶ The OIOS auditors reviewed monthly troop-strength reports and found that 20 of 28 troop contributors had deployed higher numbers of troops that exceeded the authorized levels. The Department of Field Support stated that the additional person-days, as reflected in the OIOS audit report, pertained to days where troop rotations occurred. UNIFIL further clarified that the differences were due to an overlap of incoming and outgoing troops. The Administration explained that given the importance of the handover process during rotations, it has been a common practice to remunerate troop contributors during such rotation periods. Nevertheless, OIOS reported 555 additional personnel that exceeded the authorized level for four weeks or longer, including units from two troop-contributing countries that had excess troops for consecutive periods of seven and nine months, respectively.

251. The Board acknowledges that the preparation and approval of monthly troop-strength analysis reports involves various stakeholders and that the current reporting templates and related systems are being reviewed. Furthermore, reporting officers, in particular in the military headquarters of missions, are rotated frequently. However, there was no evidence that controls at the mission level were sufficiently documented and communicated among the stakeholders involved in the preparation of the troop-strength reports.

252. The Board observed that there was no central guidance available for missions regarding potential control procedures to improve and ensure the accurate reporting of troop strength. That exposed the Organization to the risk of processing inaccurate data on troop strength. The Board could not establish that the current internal controls in place at mission level were commensurate with the level of related risks of inaccurate troop-strength reporting.

253. The Board emphasizes that accuracy of troop-strength reporting is important, as the actual troop and/or police strength forms the basis for calculating the cost reimbursements for personnel as well as self-sustainment equipment and services, as agreed in memorandums of understanding with troop and/or police contributors. Furthermore, accurate details on the actual troop and/or police strength are important for the correct recognition of expenses for troops and police. Therefore, the Board considers accurate troop-strength reporting to be too important to leave to individual

²⁶ OIOS, "Audit of payment and entitlements and benefits to the United Nations military personnel in the United Nations Interim Force in Lebanon", report No. [2018/041](#), 15 May 2018.

missions and personnel branches to design and develop their own related internal controls.

254. The Board recommends that the Administration develop guidance for missions regarding standardized internal controls, verification procedures and related tests to be performed by each mission stakeholder to ensure accurate troop-strength reporting and subsequently monitor the actual implementation in all missions.

255. The Administration concurred with the recommendation. It also stated that, with due deference to the sovereign prerogative of Member States and the military chain of command within units deployed to the missions, policies and procedures were being developed to ensure accuracy and consistency in troop-strength reports.

9. Air operations

256. In April 2017, the Secretary-General directed an internal air operation review to enhance the efficiency and cost-effectiveness of United Nations aviation.

257. Upon request by the Advisory Committee on Administrative and Budgetary Questions, the Board conducted a comprehensive air operations audit in 2017 which covered both peacekeeping and special political missions. The Board recommended that the Administration establish a central budget for all strategic air operations and air troop movements (A/72/5 (Vol. II), chap. II, para. 99).

258. The Administration commented that centralized command and control, as well as tasking authority, were clearly needed and would provide for the most efficient use of air assets. Complete centralization could lead to benefits through a new modality that provides the Organization with the ability to globally prioritize aviation assets between missions.

259. In his report on the implementation of the recommendations of the Board (A/72/756), the Secretary-General stated that, while funding continues to be carefully segregated for each field mission, as required by the General Assembly in its appropriation framework, all aircraft leasing arrangements, usage and costs across field missions were currently administered and overseen by a single entity within the Department of Field Support. The Secretary-General also stated that the recommendation to establish a central budget for strategic air operations, including regional air operations and troop movements, would need to be considered and approved by the legislative bodies.

260. The Secretary-General further stated that the Administration could review the arrangements for allotment within the current approved budget framework and use Umoja to calculate project costs or cost recovery in order to produce a centralized budget that could then be charged to missions to reclaim their share of the costs incurred.

261. In its resolution 72/8 B, the General Assembly endorsed the recommendations the Board of Auditors raised in their report (A/72/5 (Vol. II)) and requested that the Secretary-General ensure their full implementation.

262. In September 2018, the Administration stated that the recommendation to establish a centralized air operations budget had been overtaken by events. It referred to General Assembly resolutions 72/266 A and 64/269. In its resolution 72/266 A, the Assembly reaffirmed that no changes to the budget methodology, established budgetary procedures and practices or the financial regulations would be implemented without prior review and approval by the Assembly. In its resolution 64/269, the Assembly stressed the need to respect the principle of separate financial

arrangements for missions with regard to the establishment of a regional service centre.

263. The Board recalls that the General Assembly endorsed the recommendation to introduce a centralized air operations budget. The Administration partially concurred with the recommendation and provided a possible way to implement the recommendation. Umoja provides the functionality, in terms of tracking project cost or cost recovery, needed to establish a centralized budget that could be charged to the missions for their share of the costs.

264. The Board welcomes the Administration's idea to use Umoja as a tool to implement the recommendation. The missions have their own air operations budget. At least for strategic flights, the use of the missions' air operations funds should be centrally approved to support the unconditional sharing of strategic aircraft.

265. The request of the Advisory Committee on Administrative and Budgetary Questions to the Board, and the Secretary-General's initiative to review peacekeeping air operations, show that increasing the efficiency of air operations is of high priority. Member States have agreed by endorsing the Board's recommendation. In the light of those facts, the Administration's conclusion that the recommendation had been overtaken by events is not convincing. With the reform of the peace and security pillar, the Secretary-General aims at increasing the effectiveness and efficiency of peacekeeping. The Administration (e.g., the Department of Operational Support) needs to support the reform without pleading administrative constraints. Member States have expressed their expectation that the Administration will implement the recommendation.

266. The Board recommends that the Administration must centrally approve field missions' use of their air operations budgets for strategic flights to implement a centralized air operations authority and coordination for increased efficiency and cost-effectiveness.

267. The Administration partially agreed with the recommendation. It stated that strategic flights are performed by missions' aircraft that extend their range beyond the limits of the missions' boundaries and are limited in the United Nations fleet. There is a potential opportunity to maximize the use of those aviation resources, considering that, given the limited availability of resources, those assets are more efficiently used among and between field missions. While the Administration agreed with the opportunity to increase the effective use of aviation assets, the approach requires further qualification and detail in its application in order to determine which types of aircraft are to be used in such a role, as it would be challenging from an operational or administrative perspective to position all aircraft in such a manner. Furthermore, with the launch of Umoja Extension 2, there will no longer be cost centres located at United Nations Headquarters, and the possibilities related to centralized budgets will be limited.

268. It should also be noted that some strategic flights, including those in support of troop rotations, are approved by the Department of Field Support and coordinated by the Strategic Air Operations Centre. That practice is expected to continue and expand. The expanded fleet of aircraft, which is operationally tasked and allocated by the Air Transport Section of the Department of Field Support or the Strategic Air Operations Centre, will assume the capability to supplant field mission requirements. In addition, there are new initiatives to increase, through the implementation of requests for proposal, the number of standby air charter agreements for strategic flights, including, inter alia, for the transport of VIPs, medical and casualty evacuations, search and rescue operations and other types of flights. The contracts will be centrally coordinated by the Strategic Air Operations Centre and included in mission budgets. Again, as with the new troop rotation request for proposal contract, a range of aircraft

will be available to be used and shared at the level of the field mission, paid for by the missions on an “as used” basis. Ultimately, however, the contracts will be monitored and managed by the Strategic Air Operations Centre and thus tasked and prioritized.

269. To address the recommendation, the Administration centralized the budget and gave tasking authority to the Strategic Air Operations Centre for wide-body aircraft in support of the strategic rotation of troops. The Administration is in the process of expanding the scope of services through the creation of an ongoing request for proposal, to be established in 2019. At the same time, requests for proposals are being established with regard to the market for standby services in the category of medium-sized jets/turboprops and executive jets, which will result in contracts managed by the Air Transport Section. The Administration is also planning to restructure the Transportation and Movements Integrated Control Centre of RSCE, and will merge its air component with the Strategic Air Operations Centre to enhance its operational capacity and functionalities.

270. The Board fully supports the Secretary-General’s aim to enhance the efficiency and cost-effectiveness of United Nations aviation. It cannot be achieved by keeping the old and cost-intensive concept that every mission uses only its own strategic aircraft – sometimes only a few days a month. No private air transport company could afford that. The unconditional sharing of cost-intensive air assets is the only way to reduce costs and save the funds of Member States. However, unconditional sharing requires a central entity that controls all strategic aircraft according to the needs of all field missions. Assigning tasking authority for the wide-body aircraft to the Strategic Air Operations Centre is a step in the right direction. If the Administration is serious about supporting the Secretary-General’s aim, more steps in the direction of centrally controlled field mission air operations need to be made.

Strategic Air Operations Centre still lacking tasking authority

271. The Board recommended that the Administration consider delegating coordination and tasking authority for the strategic air operations of all peacekeeping and special political missions to the Strategic Air Operations Centre. The Administration concurred with the recommendation and stated that it had been implemented. It stated that the Centre continued to provide global coordination for shared and regional air assets. To address the recommendation, the role of the Centre had been further enhanced to control and schedule the wide-body aircraft under the long-term charter agreement, in support of both movement control and the needs of worldwide missions.

272. The Board does not agree that the recommendation has been implemented through the control and scheduling of wide-body aircraft. That does not cover all the strategic air operations of peacekeeping and special political missions, as recommended by the Board in its previous report ([A/72/5 \(Vol. II\)](#)) and endorsed by the General Assembly in its resolution [72/8 B](#), in which the Assembly requested the Secretary-General to ensure its full implementation. The recommendation has not been implemented.

273. The Board reiterates its recommendation, endorsed by the General Assembly, to delegate coordination and tasking authority for all peacekeeping and special political missions’ strategic air operations to the Strategic Air Operations Centre. The Board expects implementation without further delay ([A/72/5 \(Vol. II\)](#), chap. II, para. 119).

274. The Administration partially agreed with the recommendation. It reiterated that the Strategic Air Operations Centre does not have tasking authority over missions’ strategic assets, since those are under the missions’ budgets. The Centre only has the

tasking authority over the wide-body aircraft in support of the strategic rotation of troops. Strategic air assets are considered those that extend their range beyond the boundaries of a mission and are limited in the United Nations' fleet. The Organization is expanding the range and the number of aircraft, which will be under the direct tasking authority of the Strategic Air Operations Centre, through the implementation of requests for proposals for expanded aircraft types for troop rotation and expanded services, executive jet standby services and medium-sized turboprop and regional jet services, which can be used to support regional mission requirements as needed.

275. The Administration was of the view that the recommendation was partially implemented. On one hand, operational control and tasking authority concerning the wide-body aircraft in support of strategic troop rotations had been given to the Strategic Air Operations Centre. On the other, with regard to missions' strategic air assets, all United Nations field missions were informed by the Director of the Logistics Support Division, through a facsimile dated 4 December 2017, that the Centre would continue to plan safe and economical strategic air operations and improve operational efficiency and planning for strategic flights, make recommendations to reduce the duplication of efforts to enhance the utilization of air assets and identify potential cost savings associated with the operations of the current air fleet. The Centre, however, does not have operational control of the assets, as the field missions still hold that control.

276. The Board refers to its conclusion in paragraph 272.

Continuity of Strategic Air Operations Centre required

277. The Board further recommended in its previous report that the Administration consider subordinating the air operations component of the Transportation and Movements Integrated Control Centre to the Strategic Air Operations Centre to command and control the commercial and military aircraft of the regional missions.

278. The Department of Field Support concurred with the recommendation. The consolidation of resources into one entity would maximize efficiency from both an aircraft coordination and a staffing standpoint. The Secretary-General stated in his report on the implementation of the recommendations of the Board that the recommendation was under implementation with high priority with a target date in the third quarter of 2018. In September 2018, the Administration stated that it was working to address the recommendation.

279. The Board welcomed the Administration's statement that it was working on addressing the recommendation. It is important to use the Strategic Air Operations Centre's experience and expertise in coordinating and exercising tasking authority for all missions' strategic air operations in the best manner possible. The current staff of the Centre need to be kept on-site to ensure continuity. In particular, when the Centre starts exercising more responsibility and authority, as recommended by the Board in its previous report (A/72/5 (Vol. II)) and endorsed by the General Assembly in its resolution 72/8 B, it would be inefficient to change the location of the Centre, as that would likely entail changes in personnel. It needs to be considered whether the Strategic Air Operations Centre will require additional staff to meet the new responsibilities.

280. The Board recommends that the Administration ensure continuity of Strategic Air Operations Centre operations by maintaining the reporting lines to the Air Transport Section as they are now, and using the expertise of the present staff. The Board also recommends that the Administration submit a proposal in this regard detailing the costs of moving the Strategic Air Operations Centre away from the current location and identifying the impact on field missions' air

operations in the light of earlier recommendations of the Board as endorsed by General Assembly.

281. While the Administration concurred with the recommendation to consolidate the resources into one entity, it wished to clarify that the Advisory Committee on Administrative and Budgetary Questions, in paragraph 20 of its report dated 26 April 2018 ([A/72/789/Add.9](#)), recommended that the General Assembly request the Secretary-General “to review the coordination between the Transportation and Movements Integrated Control Centre and the Strategic Air Operations Centre and clarify their respective roles and responsibilities and the transfer of functions to the Transportation and Movements Integrated Control Centre, and include that detailed information in his next report on the Regional Service Centre”. The Assembly approved the recommendation of the Advisory Committee in paragraph 3 of its resolution [72/286](#). In paragraph 85 of its report dated 4 May 2018 ([A/72/789](#)), the Advisory Committee recommended that the Assembly request the Secretary-General to complete a comprehensive assessment of roles and responsibilities of the Transportation and Movements Integrated Control Centre and the Strategic Air Operations Centre and report thereon in the context of the next overview report. The Assembly, in paragraph 38 of its resolution [70/286](#), had directly requested the Secretary-General to expedite the completion of the assessment of the roles and responsibilities of Air Transport Service, the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre. Taking the above into account, and to implement the Board’s recommendation, the Administration developed a concept note suggesting that the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre be combined into an integrated Global Movement and Transportation Support Centre and to harness synergies between the functions of the existing centres and enhance complementarities of resources. A proposal was submitted for the inclusion of the concept note in the 2019/20 report on the overview of the financing of the United Nations peacekeeping operations for consideration by the General Assembly.

282. The Administration was of the view that it would be challenging to implement the Board’s recommendation emphasizing the need for a specific location for the Global Movement and Transportation Support Centre, as that is for the General Assembly to decide.

Letter of assist process still not fully implemented in Umoja

283. In its previous report, the Board recommended that the Administration implement the letter of assist process in Umoja. The Administration concurred with the recommendation. The Secretary-General stated in his report on the implementation of the Board’s recommendations that the recommendation had been implemented, as parts of the letter of assist process are included in Umoja.

284. The Board does not agree with the Administration’s assessment that the recommendation has been implemented. The entire letter of assist process involves three departments. It starts with the Office of the Military Adviser in the Department of Peacekeeping Operations, proceeds to the Department of Field Support and then to the Procurement Division in the Department of Management. It then passes to the Headquarters Committee on Contracts until it is finally submitted to the Assistant Secretary-General for Central Support Services for approval. Umoja, as an enterprise resource planning system, is designed to support such processes and provide accountability and transparency regarding such complex interactions.

285. The Board reiterates its recommendation that the Administration implement the letter of assist process in Umoja ([A/72/5 \(Vol. II\)](#), chap. II, para. 140).

286. The Administration stated that a working group on letters of assist, co-chaired by the Assistant Secretary-General for Central Support Services and the Assistant Secretary-General for Field Support, with participants from the Procurement Division, the Logistics Support Division and the Department of Peacekeeping Operations, was established in 2016 and a number of valuable process change recommendations were discussed among the stakeholders. Some additional progress was made in 2017; however, changes have not been implemented yet as they are subject to process and organizational realignments in the context of management reform. The Procurement Division is about to finalize the revision of the United Nations Procurement Manual, including on the topic of letters of assist. Once letters of assist processes and responsibilities have been improved and/or updated with regard to the new management structure, adjustments in Umoja will follow to make full use of the enterprise resource planning system.

287. The priorities for Umoja in 2019 are Umoja Extension 2 and reform-based deployments. Requests for enhancements and/or changes to existing functionality will be considered in accordance with change request protocols and the continuous improvement of the programme of work, and will be prioritized according to the agreement of process owner teams to ensure that they do not conflict with the aforementioned Umoja priorities.

288. The Board states that the recommendation has not been implemented. The Administration's comments do not provide a way to implement the recommendation, nor any idea as to when it will be implemented.

10. Legal framework and processes

Complex and fragmented legal framework and guidance

289. As part of the transition to a new structure, the Secretariat reviewed the policy framework and procedures (see [A/72/492/Add.2](#)). The objective was to ensure that the policies and procedures were clear and up to date, outdated administrative instructions abolished and others revised and simplified. Managers and staff should be clear on their respective roles and responsibilities and the procedures to be followed. The review included finance, human resources and the procurement manuals.

290. The Board found that the system of Secretary-General's bulletins, administrative instructions and information circulars was complex, fragmented and outdated, resulting in a system which was not transparent. Instead of updating policies or manuals, the Administration issued additional facsimiles and memorandums which added to the complexity. While rules, policies or procedures intended for general application may only be established by duly promulgated Secretary-General's bulletins and administrative instructions (see [ST/SGB/2009/4](#)), that was not always the case. For instance, the United Nations Procurement Manual included and repeated rules, policies and procedures besides providing practical guidance.

Umoja functionalities not fully used

291. The Board noted in its previous report ([A/72/5 \(Vol. II\)](#), chap. II) that policies, the delegation of authority implemented through Umoja role assignment and Umoja processes were not completely aligned. For instance, the administrative instruction on official travel differed from the implemented Umoja travel solution and the assignment of the respective Umoja roles to approve and certify transactions. The Board detected further inconsistencies in the area of property management, which are discussed in chapter II, section 11, of the present report.

292. In addition, as the Board noted in its previous report, delegations of authority were not comprehensively reflected in Umoja and its functionality was not fully used. For instance, the Umoja role “approver procurement” (SA.16) should be based on the threshold of the delegation of procurement authority. Procurement at Headquarters did not use that functionality, but approved procurement decisions without limitation in Umoja, and outside Umoja on paper in compliance with the delegation. Human resources transactions in Umoja were processed and approved by human resources officers without the involvement of the person who had the authority for the decision. The person with the authority was only involved outside Umoja.

293. While the Financial Regulations and Rules of the United Nations differentiate clearly between the certifying officer and the approving officer, whose functions cannot be combined,²⁷ all officials are “approvers” in Umoja. The Financial Regulations and Rules require, for all commitments, disbursements and expenses, two authorizing signatures, a certification and an approval.²⁸ The requisitioning process as implemented in Umoja, however, requires only the authorization of a “shopping carts approver” (SA.07) as certifying officer to pre-commit funds. Procurement officers then enter into a contract or purchase order. Funds are committed with the approval of a procurement officer who has not received delegation of authority from the Controller, as other approving officers have. The finance section is not involved. At the time the approving officer is involved, the United Nations is already legally obliged to fulfil the contract.

294. In addition, the Board found that some steps were processed outside Umoja. Additional applications were used which often lacked Umoja interfaces. Handoffs and media disruption prolong the process and are prone to error. For example, a process to agree on the letter of assist for renting military aircraft for peacekeeping missions from Member States was still not fully implemented in Umoja, though it had been recommended by the Board (A/72/5 (Vol. II), chap. II, para. 139). The process spanned more than three departments with disparate responsibilities. As another example, Umoja captured the main transactional steps of the procurement process, but other steps such as the solicitation phase were processed outside the system. Accordingly, Umoja could not track the entire end-to-end process.²⁹

295. The Board considers it important that the policy framework,³⁰ processes and Umoja be aligned. The functionality of Umoja to provide automatic controls and foster accountability should be used to the best possible extent. That will increase transparency and facilitate monitoring compliance to ensure accountability. Cost-intensive changes to Umoja should be avoided.

296. The Administration stated that the terminology in Umoja was aligned with the standard enterprise risk management system. Umoja was not set up to track all communications regarding decisions that led to the resulting Umoja transactions. The Administration stated that it would assess the provisioning of Umoja roles in alignment with the user’s delegation of authority and the assignment of certifying roles. The regulatory framework for travel would be revised. Furthermore, the Administration would collect and examine procurement business requirements to be implemented in Umoja. With regard to the letter of assist process, a working group was established to revise the process and reflect responsibilities in Umoja and the revised Procurement Manual.

²⁷ See ST/SGB/2013/4, rules 105.5 and 105.6.

²⁸ Ibid., rule 105.4.

²⁹ See A/71/5 (Vol. II), chap. II; the Administration stated that this was a deliberate decision.

³⁰ The Financial Regulations and Rules of the United Nations, Secretary-General’s bulletins, administrative instructions and information circulars, manuals and standard operating procedures.

297. **The Board recommends that the Administration take stock of its policy framework and business processes, and analyse how these can be aligned and simplified to improve transparency and accountability. The Administration should use the SAP software's standard functionalities to the best possible extent and avoid customizing Umoja.**

298. The Administration stated that the priorities for Umoja for 2019 are Umoja Extension 2 and reform-based deployments. Requests for enhancements and/or changes to existing functionality would be considered in accordance with change request protocols and the continuous improvement of the programme of work, and would be prioritized according to the decisions of process owner teams to ensure that they do not conflict with the aforementioned Umoja priorities.

11. Supply chain management

299. The Department of Field Support continued to implement its supply chain management initiative, which was approved in May 2015. The supply chain blueprint was turned into a supplementary guidance on mission support structures for peacekeeping and special political missions.

Ongoing implementation of the standardized mission support structure

300. In September 2017, the Department of Field Support issued the supplementary guidance on mission support structures. Missions³¹ were requested to implement the standardized structure in the financial years 2018/19 and 2019/20. The structure comprises three pillars: operations and resource management; supply chain management; and service delivery management. The guidance also outlines the sections of each pillar as well as their functions.

301. The new mission structure included new functions for which the Secretariat did not provide classified job descriptions. While that need had already been highlighted in September 2017, the process was still ongoing in November 2018. Consequently, job descriptions were not available during the recruitment of new staff members. Missions found it difficult to fill such new functions. Furthermore, new units were often created by reassigning existing posts and positions, and staff members were moved with their posts to new functions even though their job descriptions did not fit the new functions.

302. The Department of Field Support confirmed that UNMISS faced challenges in recruiting staff members for jobs related to acquisition/requisition, owing to the unavailability of rostered candidates. That was also the case in other areas, such as occupational safety, environment, engineering, generator technicians, risk management and mission planning. Furthermore, the Department stated that at UNAMID, due to the unavailability of rostered candidates, the Mission redeployed posts and filled them with incumbents from various self-accounting units to meet operational requirements until the Department completed the classification exercise for the requisitioning function.

Roles of the requisitioning process

303. With the new structure, a requisitioning function was introduced into the missions. Requisitions officers and assistants are responsible for creating shopping carts to initiate procurement. They must select the correct material master data, which will be reflected in the contract. Once the items are purchased, the information is used for inventory management and affects the financial statements. After requisitioners have created the shopping cart, it is routed through Umoja to the so-called shopping

³¹ Including UNAMI and UNAMA, which are funded from the regular budget, and UNSOS.

carts approver, who requires delegation of authority as certifying officer. The United Nations Procurement Manual stipulates that the certifying officer is responsible for reviewing all procurement requests and establishing “the actual need for the requirement”. After the approval, procurement officers enter into a contract for the provision of the goods or services. The finance section is not involved in the process.

304. No guidelines or instructions were available describing how the certifying officer or another official assesses and determines the actual demand. The responsibilities and accountability of the certifying officer remain unclear. The Umoja job aid concerning requisitioning approvals is limited to describing the technical approval aspects in Umoja.

305. The Department of Field Support stated that the roles and responsibilities were clearly defined and referred to the missions which had to implement the process. One mission stated that the job description for requisitions officers/assistants did not comprehensively reflect what should be done by the requisitioning officer. Furthermore, the role of the shopping carts approver was not clearly defined. In order to remedy the situation, missions had started to draft standard operating procedures themselves.

306. The ordering of goods and services has significant financial impact. It should be based on a prior comprehensive assessment. Typical issues are:

- (a) The justification of procurement in terms of economy/effectiveness;
- (b) The necessity of the number/scope;
- (c) A determination as to whether concrete technical specifications are indispensable, or a lesser version would suffice;
- (d) A comparison of all alternatives, with accurate figures, including all relevant aspects as well as agreed standards.

307. The Department of Field Support stated that it had issued some guidance on the supply chain vision, strategy and blueprint. Missions would issue standard operating procedures for supply chain planning to describe the steps required to quantify and validate demand for goods and services.

308. The Board considers it important that the roles and responsibilities be clearly defined. The processes should be standardized. Therefore, the Administration should develop the guidance needed instead of leaving missions to develop separate and possibly different standard operating procedures.

309. The Board recommends that the roles and responsibilities for the requisitioning process be clarified, in particular with regard to who is responsible for determining the actual demand and documenting the decision.

310. The Department of Field Support concurred with the recommendation and stated that it had already launched, in collaboration with pilot missions, the supply chain operational guidance project.

Supply chain project management should be improved

311. The Department of Field Support signed a financial agreement with another United Nations entity for technical support for the supply chain management transition initiative. The agreement covered the 13-month period from 1 February 2017 to 28 February 2018 and had a budget of \$1.8 million. The overall project was broken down into four projects: (1) the development of a performance management framework in line with the supply chain operations reference model; (2) the development and implementation of category management; (3) the implementation of

phase 2 of the East Africa corridor project; and (4) the development and implementation of an online training platform for supply chain management.

312. During the 2017/18 financial year, the agreement was amended once without increasing the costs. The Department of Field Support signed a third amendment in October 2018. The agreement was extended until 30 June 2019 and the budget increased to \$2.5 million.

313. The financial agreement did not define deliverables and outcomes in detail, and did not include any parameters to allow for the evaluation of the timeliness and quality of the implementation. Instead, the Department of Field Support requested the contractor to assist in establishing a project governance structure and defining a high-level project plan that included critical milestones.

314. The Department of Field Support did not provide any information as to whether it had considered other options to support the implementation of the initiative.

315. The Board reviewed the following projects carried out under the financial agreement:

(a) A training platform (schoolhouse) project was set up to develop a learning framework and provide a training platform for supply chain-related knowledge. The terms of reference for the project manager did not define a closing date or measurable deliverables besides the development of customized training modules. The Logistics Support Division did not provide details on the composition of the personnel costs invoiced by the contractor, or on the recruitment of the project manager. Although the project could not be finalized by the end of February 2018, the project progress report did not mention any delays or overspending;

(b) The category management project was to produce the following outputs: (i) a strategic category management plan; (ii) a category playbook, including category profiles, business needs, supply market analyses and applicable sourcing levers; and (iii) a statement of work/statements of requirement or demand management guidelines or policies. The Board found that the category management studies were mainly based on existing contracts and experience with previous solicitations. The supply market and obstacles in the requirements – compared to the market – were not fully analysed. One of the studies concluded that the next exercise could be improved by developing a strategy as a basis for decisions on the acquisition process, rather than verifying and evaluating the actions taken after the fact;

(c) The projects on centralized warehousing and inbound delivery coordination were finalized in July 2018. Their implementation was supported by one part-time contractor's consultant each. The projects were not included in the financial agreement.

316. The Department of Field Support stated that the financial agreement was extended to June 2018 without an increase in the budget. The Department stated that the contractor only assisted in defining the deliverables, timelines and resources of each project in the project initiation documentation, which was approved by a supply chain management programme board. The Department disagreed with the Board's statement that incomplete documentation was provided on the schoolhouse project and referred to the financial agreement. The category management case studies were not intended to be fully formed strategies but rather to inform how strategies should be developed in the future. Concerning additional projects, the parties agreed that no amendment was required since the activity fell within the scope of the financial agreement and did not incur additional costs. The Department stated that its supply chain management programme board (later the Logistics Support Division programme board) was the governance mechanism. The Department stated that the programme board regularly reviewed the progress, delays and costs.

317. The Board holds that the way the decision was taken to engage the other United Nations entity was not transparent. The Board considers it crucial that the Department of Field Support define the project's objectives, including deliverables, outcomes and milestones, before it signs the financial agreement.³² Although the project outputs were not achieved in February 2018, the reasons for the delay were neither reflected nor assessed in the documents reviewed. Additional projects were carried out without being formally included in the agreement. The Board holds that being informed of detailed project cost data and reconciling fees invoiced by contractors is an integral part of proper project management.

318. The Board recommends that the Administration establish a procedure to assess and document whether a financial agreement with the other United Nations entity is the appropriate means to achieve the objective, and define the project with clear deliverables, milestones, a budget and an evaluation and monitoring mechanism.

319. The Department of Field Support partially concurred with the recommendation. The Department was of the view that the decision to enter into the financial agreement and the procedure was governed by the memorandum of understanding. The Department of Management concurred with the recommendation.

320. The Board holds that that, while the memorandum defines the relationship between the contractor and the Secretariat, it does not define the internal procedure required before entering into a financial agreement with the contractor.

321. The Board recommends that the Administration document the oversight and monitoring of its supply chain management projects in detail, which includes, in particular, deliverables and costs.

322. The Department of Field Support concurred with the recommendation. The Department stated that it had prepared a final report of the supply chain management initiative that included outcomes, costs and governance arrangements. The recommendation was expected to be implemented in the third quarter of 2019.

Property management instructions not fully implemented

323. In November 2016, the Department of Field Support issued instructions to the field missions on how to realign their structures and processes for property management. Key change drivers were the introduction of new functions for IPSAS accounting and reporting on property, plant and equipment and financial inventory, the provision to subdelegate authority for property management to a property management officer, and the implementation of the end-to-end supply chain management in the Department and the missions.

Property management units and staffing

324. The instructions regarding the establishment of the new property management units stipulated that the new units be separated from the receiving and inspection units and the property disposal units, as they oversee and monitor their compliance. The Board found that during the financial year 2017/18 only UNSOS, UNIFIL and UNLB had established property management units in accordance with the instructions. In at least five missions,³³ the organizational charts showed that property management

³² The umbrella memorandum of understanding which defines the framework for the collaboration also requires the clear definition of deliverables aligned with the budget and an implementation plan and schedule.

³³ UNAMID, MINUSMA, MINUSCA, UNMISS and UNISFA.

units did not have a direct reporting line to the chief supply chain as requested by the instructions.

325. The Board found that the number of staff responsible for property management differed significantly and did not reflect the value of assets the staff had to manage.

Table II.7

Property management posts

<i>Field mission</i>	<i>Number of property management posts (Property Control and Inventory Unit or Property Management Unit)</i>	<i>Value of assets (millions of United States dollars)</i>
UNAMID	3	350
MINUSMA	19	354
UNMISS	10	305
MINUSCA	15	213
GSC	6	149
MONUSCO	— ^a	144

Source: Umoja and data provided by the Administration.

^a Twenty-two posts in the Integrated Warehouse Section.

326. In GSC, key functions were not adequately staffed to ensure accountability and compliance. While the Centre was responsible for assets amounting to nearly \$150 million, including the strategic deployment stock, the post of Property Management Officer had been reassigned to other tasks as at 1 July 2017.

327. GSC confirmed that the initial allocation of responsibilities in the area of property management was unclear, and stated that the responsibilities had been clarified in June 2018. The Board holds that the allocation of responsibilities from June 2018 was not aligned with staffing, as the responsibilities had been assigned to a post which had been abolished. GSC was of the view that the functions had been adequately staffed. Nevertheless, for 2019/20, GSC proposed to reinstate the position of Property Management Officer.

Responsibility for property management

328. The Department of Field Support promulgated that, in cases where the directors/chiefs of mission support subdelegate authority, the subdelegations must be issued to property management officers serving in property management units. In addition, property management officers would serve as the central focal point on accountability and compliance. Exceptions had been foreseen for smaller missions where no dedicated property management officer existed.

329. In cases in which the directors/chiefs of mission support did not delegate the authority, he or she remained responsible for property management. However, the Board noted that other staff members were appointed as focal points.³⁴ In GSC, the authority was subdelegated to a person from outside the Property Management Unit. The records submitted by the Department of Field Support showed that GSC nominated two focal points.

Composition of the Local Property Survey Board

330. The Local Property Survey Board independently reviews write-offs and disposals in each mission. The delegation of authority from Headquarters to missions

³⁴ UNMIK, UNFICYP, MINUJUSTH and RSCE.

clearly defines the composition of the Board: finance or administrative staff should chair the Board, other members must come from administrative or programme management, finance and legal affairs, and property management units should act as secretariat. The Department of Management stated that the chair did not have to be from finance or administration. However, at least one member each from finance, administrative, programme management and legal affairs should attend. The Department of Field Support stated that the chair had to be from finance or administration in accordance with the delegation.

331. In 4³⁵ of 15 field missions/service centres reviewed,³⁶ the composition of the Local Property Survey Board was not compliant with the delegation of authority. UNSOS nominated three logistics and facility management officers as members. In MINUSMA, a receiving and inspection officer was appointed. In accordance with Headquarters' instructions, the receiving and inspection function is part of the warehouse. Warehouse staff are not eligible for appointment to the Board. In 10 of 14 cases, the secretariat function was not exercised by a staff member of a property management unit as instructed, but rather by staff from claims, property and survey units.³⁷

Introduction of the fixed-asset accounting role in Umoja

332. In Umoja, the role of "fixed-asset accounting user" (FA.15) was introduced and tasked with key responsibilities for IPSAS-compliant approval and the reporting of assets in Umoja. The Umoja role guide postulates that users processing write-offs and disposals ("disposal planner", SD.09) should not be assigned to role FA.15 in order to ensure the required segregation of duties.³⁸ A sample check in six field missions revealed four cases where one staff member was assigned to both the SD.09 and the FA.15 role.

333. The Office of Central Support Services stated that it had launched a role-mapping exercise to review the assignment of roles. Of the 98 assigned FA.15 roles, 84 would have to be revoked. The same review was being conducted by the Department of Field Support.

334. The Board holds that missions and service centres must fully implement Headquarters' instructions to align resources, responsibilities and authorities. The staffing of the respective functions needs to be reviewed. The Board considers it crucial that missions and service centres comply with the delegation of authority. Exceptions should be limited to smaller missions. The Local Property Survey Board cannot fulfil its function to independently review cases without appropriate and independent composition. The conflicting roles in Umoja bear further risks regarding the accuracy of records and the prevention of conflicts of interest.

335. The Board recommends that the Administration guide and oversee mission implementation of the instructions on property management, and take action in case of non-compliance. This includes ensuring the alignment of functions, Umoja roles and (sub)delegations of authority, and the appropriate composition of the Local Property Survey Board.

³⁵ MONUSCO, MINUSMA, UNFICYP and UNSOS; RSCE did not have a local property survey board.

³⁶ Thirteen of 14 active missions and two service centres; UNMIL was not included as it was liquidated on 30 June 2018.

³⁷ MONUSCO, MINUSMA, MINUSCA, UNMISS, UNMIK, UNISFA, UNIFIL, UNFICYP, UNDOF and UNSOS; RSCE did not respond to the Board's request.

³⁸ Umoja, "GDP role guides", 2 September 2017.

336. The Administration referred to the new standardized mission support structure. Most missions had introduced or were in the process of introducing the new structures and realigning property management functions. The Administration further stated that the modality for issuing delegations was being amended as part of the management reform. Furthermore, the missions were in the process of addressing the recommendation. As the missions were requested to implement the standardized structure over two financial periods (2018/19 and 2019/20), the recommendation was expected to be fully implemented in the fourth quarter of 2020.

12. Peacekeeping procurement

337. Procurement plays a critical role in enabling organizations to achieve their objectives. The Financial Regulations and Rules of the United Nations define the following general procurement principles: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interest of the United Nations.

Vendor management

338. Vendor management is a critical instrument for achieving best value for money and ensuring fairness, integrity and transparency, as well as effective international competition, in procurement. It involves, among other things, registering vendors, maintaining vendor data, ensuring that registered vendors are suitably qualified, periodically refreshing the pool of prospective vendors and managing vendor performance.

Vendor registration

339. Vendors seeking contracts with the United Nations Secretariat have to register through the United Nations Global Marketplace and pass a vendor due diligence review process. Vendor registration applications are only reviewed by the Procurement Division when a vendor is actually considered for contract. The level of registration and accompanying requirements are determined by the monetary value of potential contracts.

340. The highest contract award level starts at \$500,000. Vendors who apply for that level have to provide audited/certified financial statements or the equivalent for the previous three years, to be submitted with a report by an auditor or an external accountant. Vendors are required to regularly update the mandatory documents and to provide documentation for the previous three years before a contract is awarded.

341. The Board reviewed the mandatory documentation for a purposive sample of 10 vendors registered at the highest contract award level. The Board found that for nine of them the mandatory documentation was incomplete or did not cover the previous three years before the contract was awarded.

342. Shell companies are often the source of fraudulent activities. They played a crucial role in the “oil-for-food programme” fraud scheme. The Board noted that the Procurement Division did not implement best-practice mitigation measures for vendor selection, such as external vendor verification or the reconciliation of vendor information with staff member information, to detect shell companies.

343. Good practice requires that due diligence not stop at the point of engagement, but be extended, based on risk, to continuous scrutiny and screening at regular intervals. The Board found that the Procurement Division did not monitor cumulative awards and did not develop vendor risk profiles. It did not implement best practices to detect suspicious activities and fraud red flags, such as conducting periodic reviews of the vendor list using data-mining queries.

Maintenance of vendor data and the pool of vendors

344. The Board was informed that, owing to limited staffing resources, maintenance activities had been limited to the registration of vendors. Inactive vendors would not be deactivated, archived or removed from the list of vendors in Umoja.

345. The United Nations identified potential recipients of solicitation documents from among vendors registered on the United Nations Global Marketplace or by requesting expressions of interest. Additional vendors are identified through local market research and by using the list of vendors from previous solicitations.

346. The Board analysed the ratio between vendors invited for solicitation and the number of bids received for the financial year ended 30 June 2018. The response rate was 3 per cent.

347. While the response rate is not a perfect indicator of the strength of a vendor roster, the low response rate suggests the following:

- (a) The pool of prospective vendors used to share solicitations did not include sufficiently qualified vendors;
- (b) The pool of prospective vendors used to share solicitations included vendors not interested in doing business with the United Nations;
- (c) Identified recipients of solicitation documents did not offer the goods or services tendered;
- (d) Issues with the specifications did not allow vendors to effectively respond to them.

Monitoring of vendor performance

348. Effective contract and vendor management requires the ongoing monitoring and management of the vendor's performance against the terms and conditions of the contract. Regular monitoring and reporting on vendor performance and taking appropriate actions where necessary are important to ensure value for money.

349. The Department of Field Support stated that, with the centralization of the vendor management function (other than the registration of vendors), the Procurement Division had, by default, the responsibility to conduct performance reviews for both local and global contracts.

350. Although the Procurement Division is tasked with ensuring the efficient, effective and economical administration of the Secretariat's procurement function and related support services, it limited its role to administrative aspects of the contract. That included activities such as contract amendment or extension, contract closure, record retention, maintenance of the contract file and handling security instruments. Requisitioners and/or end users were responsible for actual contract management, including the ongoing monitoring and management of the vendor's performance regarding the goods or services and managing the relationship with the vendor.

351. Pursuant to the United Nations Procurement Manual, the proper maintenance of the register of vendors requires the receipt of regular reporting on vendor performance. Requisitioners and/or end users are responsible for the timely evaluation of vendor performance in the appropriate vendor performance evaluation report. The Procurement Manual requires procurement staff:

- (a) To provide to the Procurement Division a copy of any vendor performance evaluation or written memorandum/report and any relevant information regarding the non-compliance or poor performance of registered vendors;

(b) To ensure that a copy of any performance rating form/report is included in the procurement case file and the vendor registration case file;

(c) To promptly forward vendor performance reports to the vendor registration officer upon receipt for filing on the local Procurement Division network hard drive.

352. The Board requested details regarding compliance with the reporting requirements relating to vendor performance and sharing performance reports with the Procurement Division. The team responsible for vendor registration and management of the Procurement Division stated that it had rarely received performance reports from requisitioners or procurement officers.

353. The Board's findings from field audits raise doubts about the compliance with mandatory vendor performance evaluations and their actual use for decision-making by field missions. In UNMIK, a contract was extended despite only partially satisfactory performance evaluations. In MINUJUSTH, vendor performance was not evaluated at all, although vendors had frequently not met delivery timelines.

354. The Board noted that in 2006 the Administration stated that it would institute a formal review of vendor performance issues to be conducted at least on a six-monthly basis for all major peacekeeping contracts ([A/60/846/Add.5](#), para. 42).

355. In its report for the financial period ended 30 June 2013, the Board had recommended that the Procurement Division enhance the collection of contractor performance reports, and make better use of the information, to facilitate decision-making in contract awards or extensions ([A/68/5 \(Vol. II\)](#), para. 44). Despite the acceptance of the recommendation, the Board found that the Administration did not have procedures in place to systematically analyse the findings from performance evaluation reports, aggregate those findings and use that analysis to inform decision-making in contract awards or extensions.

356. The Global Service Centre developed a web-based contract performance reporting tool which was presented to Headquarters in July 2015. It was officially rolled out in April 2018 but was still in its implementation phase, and focused on 23 system contracts and 383 mission-specific contracts. The Board was informed that it was not meant to replace the Procurement Division's vendor performance rating reports or to be used to manage all contracts of the Secretariat.

357. The Global Service Centre further stated that, since April 2018, more than 710 contract performance reviews (for 23 system contracts and 383 mission contracts) have been uploaded to the contract performance reporting tool, and that further roll out of the tool to all system contracts was planned to take place in 2019. However, the Procurement Division did not use the data from the contract performance reporting tool, nor did it provide similar procurement support services.

358. The Board emphasizes that, more than 20 years ago, it had raised the issue of the gap between the Procurement Division and the field missions in terms of reporting on the performance of contractors in the field missions ([A/52/5 \(Vol. II\)](#), para. 50). Thereafter the Board has repeatedly highlighted problems related to the monitoring of vendors, such as the lack of accessible vendor performance information, an unreliable vendor database, deficiencies in performance evaluation and non-compliance with established procedures for performance reporting.³⁹

³⁹ [A/54/5 \(Vol. II\)](#), chap. II, paras. 101–103; [A/57/5 \(Vol. II\)](#), chap. II, paras. 132–136; [A/58/5 \(Vol. II\)](#), chap. II, paras. 190–193; [A/61/5 \(Vol. II\)](#); [A/67/5 \(Vol. II\)](#), paras. 87–94; [A/68/5 \(Vol. II\)](#), para. 41 (b).

359. While the Board recognizes gradual improvements, it could not establish that the current level of vendor management was commensurate with the level of related risks. The Board notes with concern that many well-known systemic and persistent weaknesses related to vendor management are still not sufficiently addressed. The Board notes that there was no viable plan to implement the long-outstanding recommendation from its report for the financial period ended 30 June 2013 ([A/68/5 \(Vol. II\)](#), para. 44.).

360. The Board recommends that the Administration review its vendor management, with due regard to good common industry standards, and subsequently assign clear responsibilities for the prioritized rectification of deficiencies identified.

361. The Administration accepted the recommendation and stated that it would undertake a comprehensive review overseen by the Office of Supply Chain Management in collaboration with stakeholders.

Simplified and streamlined procurement processes

362. With the United Nations transitioning to a new structure, the Secretariat plans to implement a more nimble and agile procurement process with streamlined procedures.

363. The Board found that the current process was slow and inefficient. Some 432 contracts concluded by the Procurement Division since 2015 required more than 10 months (305 days), on average, to become effective after the bid creation date. That did not include the time between the identification of the demand and the submission of solicitation documents. Of those 432 contracts, 60 did not record any expenditure. While some types of contracts do not record expenditure, for example the provision of banking services, other contracts did not seem to meet the needs of requisitioners.

364. Furthermore, the Board noted that the response rate from vendors was very low.⁴⁰ That could be an indication that the wrong vendors were invited, that the requirements were so specific that they could only be fulfilled by a limited number of vendors or that business with United Nations was not attractive for the majority of vendors.

365. The Administration stated that periods calculated from Umoja might not be accurate, as Umoja was currently not able to track the end-to-end-process. The Administration was preparing a request to enhance Umoja functionality, in particular to: (a) capture data throughout the procurement process; and (b) manage electronic procurement exchanges. Furthermore, the Administration stated that the low response rate should not be seen negatively, but rather as an indication that as many vendors as possible had the opportunity to submit a bid.

Policy framework

366. Through the creation of the Financial Regulations, the General Assembly issued broad legislative directives, while the Secretary-General formulated and promulgated the Financial Rules. Compared with other organizations,⁴¹ the Board found that the legal framework as provided by the Assembly leaves considerable room for interpretation. The Administration was currently reviewing the Financial Regulations and Rules and preparing a draft for the consideration of the Assembly.

⁴⁰ See observations on vendor management above.

⁴¹ Such as the European Union.

367. According to its introduction, the Procurement Manual is considered to be a “compendium of regulations approved by the General Assembly and the related rules and in addition an official guide...for use by management and staff in performing the procurement function”. It presents the legal framework to undertake procurement activities in full compliance with current policies and industry practice. The Administration is in the process of revising the Procurement Manual to align business processes and the Umoja solution and incorporate the review of the assignment of roles in the Umoja solution, pursuant to the new accountability framework.

Review of the procurement process

368. The Board found that parts of the procurement process were cumbersome and added to the timeline of procurement processes.

369. Financial regulation 5.13 requires that tenders for goods and services be invited by advertisement. The Procurement Manual limits advertisement to advertising the request for expression of interest.⁴² Procurement officers then send the solicitation documents by mail to a limited number of vendors, and the documents are not published. When vendors do not confirm the receipt, procurement officers follow up by email or phone.

370. The Procurement Manual assigns the responsibility for specifications for the solicitations to the requisitioner.⁴³ The procurement officer reviews them and must take into consideration the general procurement principles. Market surveys can only be carried out by procurement officers. Before soliciting new products, the requisitioner should request the procurement officer to perform a market survey. The Board noted that the process to draft specifications was cumbersome and time-consuming. Not all requisitioners had expertise in writing specifications, which could prolong the process.⁴⁴ In some cases the requirements/technical specifications did not match the market conditions, which reduced the number of bids.⁴⁵

371. The Board holds that the Administration should review and simplify its procurement process while it reviews the legal framework and practical guidance. The interpretation of financial regulations as well as processes should be in line with best practices. Other organizations regulate processes differently. For instance, UNDP publishes all tenders, thereby eliminating the need to request expressions of interest. For UNOPS, open international, or national/regional,⁴⁶ competition is the default method of competition.⁴⁷ While UNOPS also requires the requisitioner to define the requirements, the procurement official is asked to provide advice on the requirements, such as reducing the amount of procured goods and rethinking the solution in favour of alternatives. The procurement officer and the requisitioner then jointly finalize the requirements definition.⁴⁸

372. The Administration stated that the nature of requirements for the other agencies were of relatively low value. The agencies also used e-tendering. However, the Administration was currently reviewing e-tendering solutions. The opportunity costs associated with the public advertisement of requirements would need to be analysed

⁴² United Nations, *United Nations Procurement Manual*, rev. 7 (2013), chap. 9.3, para. 5.

⁴³ *Ibid.*, chap. 8.2.

⁴⁴ See also the observations below under “Request for proposal method for long-term air-charter contracts not implemented”.

⁴⁵ See also A/73/5 (Vol. I), chap. II, para. 185.

⁴⁶ In contrast to the Secretariat, the financial regulations and rules of UNOPS require effective competition instead of effective international competition.

⁴⁷ UNOPS, *Procurement Manual*, rev. 6 (2017), part 6.2.1.

⁴⁸ *Ibid.*, part 4.3.

in detail prior to implementing new processes. Advertisement might not be adequate for all solicitations.

373. The Board recommends that the Administration review the procurement process in order to implement a simplified and more nimble process, while it clarifies and updates the procurement framework.

374. The Administration accepted the recommendation. It stated that it would continue its ongoing efforts to review and simplify the procurement process and implement the necessary measures. The Procurement Manual was being revised to reflect the various forms of advertisement, which were not limited to a request for expression of interest, and new, shorter minimum time periods were being introduced. In terms of category management, requisitioners and procurement officers would work as multifunctional teams to improve market intelligence. The responsibility for developing specifications, with guidance on the supply market, would remain with the requisitioners, and the Administration would employ further efforts to improve the specification-writing capabilities within the Organization.

375. The Board recommends that the Administration consider publishing tenders for goods and services instead of solely publishing the request for expression of interest.

376. The Administration stated that it would undertake a review of the recommendation.

Request for proposal method for long-term air-charter contracts not implemented

377. The feasibility of using the request for proposal method instead of the invitation to bid method for procuring long-term air-charter services has been discussed since 2008. The request for proposal method is in line with the recommendations of the International Civil Aviation Organization to meet industry standards. The report of the Secretary-General on United Nations air operations in 2011 ([A/65/738](#)) stated that the Department of Field Support and the Procurement Division were replacing the invitation to bid with the request for proposal method, with a view to allowing greater flexibility in the acquisition of air assets/services and achieving greater value for money.

378. The Board found that progress in replacing the invitation to bid method with the request for proposal method was limited. In 2016/17, only 1 of 42 air charter contracts resulted from a request for proposal solicitation. In 2017/18, one request for proposal method resulted in three contracts. The remaining 22 contracts commencing in 2017/18 were based on invitations to bid.

379. The Board reviewed three long-term air charter contracts. One contract was based on a request for proposal; two contracts were based on an invitation to bid.

380. The contract for the provision of five rotary-wing aircraft with a contract period from 20 May 2018 to 19 May 2020 and a target value of \$37 million was based on a request for proposal. The preparation of the solicitation, starting on 27 May 2016, required extensive back-and-forth discussions between the mission, which had to define its requirements, and the Department of Field Support and the Procurement Division. The request for proposal was sent to 122 vendors identified through requests for expressions of interest and the vendor database. Five additional vendors received the documents upon request. The Procurement Division was required to respond to 355 requests for clarification during the tender phase. Eighteen vendors submitted 23 offers. The award was finally split between three vendors. Compared with the previous contracts of the mission, the request for proposal method reduced the number of aircraft from 11 to 8, as only the logistical needs were defined instead of the number

of aircraft. The Administration stated that the new solicitation reduced costs in the areas of fuel and actual hourly rate and reduced the days of non-availability. Furthermore, it calculated savings in the amount of \$5 million per year for the services of fixed-wing aircraft.

381. The second contract reviewed was for the provision of two medium cargo/passenger combination aircraft, with a contract period from 5 August 2018 to 4 August 2019 and a target value of \$11 million. The preparation of the invitation to bid started on 19 April 2018. The solicitation was sent to 62 vendors; 2 vendors submitted bids.

382. The third contract reviewed was also for the provision of two medium cargo/passenger combination aircraft, with a contract period from 3 August 2018 to 2 August 2019 and a target value of \$11 million. The preparation of the invitation to bid started on 23 April 2018. The solicitation was sent to 61 vendors. Two bids were received. The solicitation documents requested two crews per aircraft to meet flight hour requirements. One of the two bidders was the contracting party of the aforementioned contract, which had the same flight hour requirements, but had three crews for two aircraft. The bidder offered a discount if the United Nations forwent the requirement for a fourth crew.

383. The Board identified the following main obstacles to the transition to the request for proposal method:

(a) Drafting a statement of work for a request for proposal is more complex than drafting an invitation to bid. Most missions have experience with drafting statements of work for invitations to bid, and can use the previous statements as a template. Mission requirements often reflected the aircraft types of the previous fleet instead of logistical needs, which required back-and-forth discussions between the various actors;

(b) The evaluation of a request for proposal is more time-consuming than the evaluation of an invitation to bid. Furthermore, the higher number of offers to be evaluated and the higher complexity of those offers add to the timeline.

384. A request for proposal is used for the procurement of goods and services that cannot be quantitatively or qualitatively expressed in sufficient detail. For complex categories other than long-term air-charter services, the United Nations uses the request for proposal method. The solicitations reviewed show that the request for proposal method results in greater competition. Furthermore, the United Nations calculated significant savings. However, the request for proposal method takes longer and is more cumbersome. The Board holds that those challenges could be addressed through the use of templates and standardization.

385. The Board recommends that the Administration analyse the lessons learned with the request for proposal method for long-term air charter services and use the results to develop a strategy to fully implement the request for proposal method.

386. The Administration agreed to further analyse lessons learned and to apply them in continuation of the implementation of the request for proposal method. The Administration intended to initiate a project in early 2019 to assess detailed lessons learned, streamline the request for proposal methodology and accelerate further implementation.

387. The Board recommends that the Administration use the lessons learned and develop a template that supports missions to document their air-service requirements based solely on logistical capabilities instead of requesting specific

aircraft types. The statement of work for the request for proposal should be based on this template.

388. The Administration stated that it had developed a template which could be used by field missions to capture the logistics requirements that form the basis for statements of work. As part of the above-mentioned project, the Procurement Division would work with the Air Transport Section to further improve the template, as needed, and ensure its adoption by missions on a larger scale.

Same product IDs for different goods in contracts

389. With the decommissioning of Galileo, all information about a specific material was migrated into a single central database. The material master data is relevant throughout the supply chain process: the requisitioner uses the material master data to populate shopping carts; afterwards, the data become part of the purchase orders and are reflected in the contracts; once the items are purchased, the information is used for inventory management and directly affects the financial statements.

390. The Board reviewed 10 active contracts in Umoja and found that 7 used the same product ID for items with different functionalities, different prices, different quantities or different delivery terms without clearly indicating that. For example:

(a) One contract recorded eight water pumps under the same product ID with costs between €1,165 and €4,273.75 and capacities ranging from 1,400 to 10,000 litres per hour;

(b) The prices of four forklifts with different capacities under the same product ID varied between \$53,073 and \$109,354 (8 and 15 tons, respectively) and between \$16,530 and \$23,361 (3 and 5 tons, respectively);

(c) Another contract used the same product ID for five different types of streetlights with prices between \$812.80 and \$66,010.35 and a target quantity of 1,000. The details showed that two products referred to a container of 50 lighting systems, while the remaining products seemed to refer to a single lighting system.

391. The Procurement Division stated that the Department of Field Support was responsible for product IDs. The Procurement Division was currently engaging with requisitioners to review products IDs. Different prices for the same product ID could result from different delivery terms.

392. The Board considers it important that contracts recorded in Umoja facilitate, to the best extent possible, the ordering of goods and services, the administration of contracts and the management of inventory. If different goods with different prices and different operational functionalities are summarized under a single product ID, materials cannot properly be managed and will not be reflected properly in the financial statements.

393. The Board recommends that the Procurement Division, together with involved stakeholders, review its active contracts with a focus on product IDs and take corrective action to ensure that the goods available through contracts are clearly identifiable and can be reflected accurately in the inventory and financial statements.

394. The Administration accepted the recommendation. It stated that it would enhance and update the material data master categories over time in order to be more prescriptive. The Administration pointed out that it would not be able to implement the new material master categories (product line items) without the enhancement of the material master database.

Coherent approach to providing procurement services

395. The Department for Field Support is responsible for delegating procurement authority to field missions and administering and monitoring field operations (ST/SGB/2010/2). Field missions include special political missions and other field presences.

396. On 30 May 2011, GSC was tasked to undertake procurement activities on behalf of UNOWAS and UNOCA under the comprehensive operational mission procurement and acquisition support service. In 2015 only, service-level agreements were signed under which both UNOWAS and UNOCA paid \$40,000 annually. The support function was evaluated and the resulting report identified challenges, including:

- (a) A capacity and expertise gap in missions, resulting in poor statements of work and statements of requirements;
- (b) Communication issues, since offices were located in French-speaking countries;
- (c) Late and/or incomplete inputs for acquisition planning;
- (d) Compliance issues regarding the use of low-value acquisition.

397. Apart from GSC, peacekeeping missions also provided procurement services for special political missions. For example, UNSOS supported the Great Lakes. UNIFIL supported the Office of the United Nations Special Coordinator for Lebanon and the Office of the Special Envoy of the Secretary-General for Yemen. In addition, the Regional Procurement Office (now the Global Procurement Support Section) in Entebbe was established to support missions in that area. The Office further supported special political missions such as the Office of the Special Envoy for the Great Lakes Region in Burundi and other entities (the Office for the Coordination of Humanitarian Affairs of the Secretariat, the United Nations Human Settlements Programme (UN-Habitat)). The Procurement Division at Headquarters also provided procurement services for other entities, including the Office for the Coordination of Humanitarian Affairs; however, the Division had only signed a service-level agreement with the Office in June 2018.

398. The Administration stated that it was currently assessing the capacity of all Secretariat entities to undertake procurement, and the modalities for meeting their procurement support needs. For small special political missions, the Administration was reviewing whether local UNDP offices could undertake procurement. Such entities could obtain services provided by the “common back office” under the project to support the United Nations country team.

399. Currently, the procurement support function seems to be based on ad hoc agreements and is fragmented. The Board holds that the Administration should review how procurement services can be best provided. For an efficient use of resources, adequate funding mechanisms and quality of services, a structured organization of those services is needed. In some cases, cost recoveries were agreed, in other cases costs were not recovered. If the Administration considers tasking other United Nations entities with those services, it needs to ensure that appropriate procurement principles are adhered to.

400. The Board recommends that the Administration adopt a coherent approach for providing procurement services to special political missions and other entities.

401. The Administration accepted the recommendation. Under the Secretary-General’s reform initiatives and the new delegation framework, procurement services

across the Organization would be conducted in a coherent manner across the global Secretariat, including in special political missions.

13. Human resources

Recruitment procedures and rosters

402. The report of the Secretary-General on human resources management reform for the period 2017–2018 ([A/73/372/Add.1](#)) provides information on recruitment processes. In the report, the Secretary-General states that in Headquarters departments and offices, offices away from Headquarters and regional commissions, the recruitment process took an average of 222 calendar days in 2016 and 206 calendar days in 2017. In field missions, the recruitment process took an average of 129 calendar days in 2016 and 116 calendar days in 2017. The shorter recruitment timeline in field missions was mainly attributed to the use of the recruit-from-roster modality.

Building and maintaining rosters

403. Peacekeeping missions and special political missions are approved to recruit from a roster. A roster is defined as a pool of assessed candidates who have been reviewed and endorsed by a central review body and are available for selection against a vacant position. Each roster is limited to a functional title, category and level. The recruit-from-roster job opening only invites rostered candidates to apply. Rostered candidates can be internal or external. Candidates on the roster may be selected without referring to a central review body. According to the Administration, there were 450 rosters covering more than 405 field job codes in 23 job families.

404. The Board noted that the rules and guidance for roster creation and maintenance were limited (see [ST/AI/2010/3](#)). An amendment to the administrative instruction ([ST/AI/2010/3/Amend.1](#)) stipulates that rostered candidates are to be retained in a roster indefinitely. The Administration uses generic job openings to create rosters. In addition, position-specific job openings for the field and for Headquarters are used to fill rosters. The cleansing of rosters was not foreseen, and rostered candidates are not requested to confirm their continued interest or their interest in field positions. Maintaining rosters is cumbersome as they must be analysed manually to determine whether they can fulfil the demand of missions or whether they need to be refreshed.

405. The Board holds that rosters would be more efficient if they contained only eligible and interested candidates. Furthermore, it would be helpful if the information about candidates was up to date and included a candidate's latest work experience, skills and so on. That objective could be achieved by (a) limiting the duration of membership or (b) requiring candidates to update their information regularly and removing candidates who are no longer interested or available. If the Administration decides to limit the duration of roster membership, it should take into account the time and administrative efforts needed to build the roster. Different durations per roster might even be necessary. Rosters that are recruited from often might need to be refreshed more frequently than rosters for specialized jobs. Furthermore, more generic rosters, for instance for general administrative functions, might reduce the administrative burden.

406. The Department of Field Support stated that the lack of end-to-end ownership for the maintenance of rosters was a bigger concern. It could only build on rosters established and owned by the Department of Management. The Department of Field Support stated that it would be helpful if it were authorized to establish separate rosters for field-based recruitment.

407. **The Board recommends that the Administration amend the policy for rosters with the objective to facilitate roster-building, management and data cleansing.**

408. The Department of Field Support stated that the process for maintaining and refreshing rosters could be improved by: disassociating rosters from Headquarters profiles, using specific job codes, establishing appropriate roster validity periods, “cleaning up” rosters, eliminating rostering through post-specific job openings and reducing the number of field profiles.

Recruitment procedures at Headquarters

409. Headquarters does not recruit from rosters but advertises job openings to both rostered and non-rostered candidates. Normally all applicants are assessed, resulting in a selection (non-roster selection). In addition, Headquarters uses roster selection. The administrative instruction on the staff selection system ([ST/AI/2010/3](#), [ST/AI/2010/3/Amend.1](#), [ST/AI/2010/3/Amend.2](#) and [ST/AI/2010/3/Amend.3](#)), which describes selection procedures, does not include that method. “The recruiter’s manual: instructional manual for the recruiter on the staff selection system (Inspira)”⁴⁹ describes the following:

- Eligible roster applicants who have expressed interest are released to the hiring manager as a priority within the posting period of the job opening.
- The hiring manager may immediately recommend the selection of a qualified roster applicant from among the released rostered applications.

410. The hiring manager is responsible for creating the job opening. Human resources offices release the candidates who have successfully passed the pre-screening process to the hiring manager. The hiring manager then assesses all released candidates.

411. The Board reviewed five standard job openings for the Department of Peacekeeping Operations/Department of Field Support. In three cases, only rostered candidates were reviewed, and one candidate was selected:

(a) In the first case, 289 candidates applied and 134 were released for assessment. Thirty-six rostered candidates were assessed, while 98 candidates that were not on the roster were not assessed. The Board further noted that candidates were excluded from the “short list” in case they were not fluent in French. While “knowledge of French” was included in the announcement, “fluency in French” was not;

(b) In the second case, a job opening was advertised from 5 February to 21 March 2018. The review of candidates was conducted on 7 March, before the end of the deadline. The records stated that 32 candidates from the roster were interviewed and 1 candidate recommended. The interviews of the candidates were not documented. Inspira recorded a total of 1,106 applicants, 258 of whom did not pass the pre-screening assessment;

(c) In the third case, 505 candidates applied and 364 were released for assessment. Thirty-one rostered candidates were reviewed. The evaluation matrix did not assess requirements and desirable abilities on a case-by-case basis but summarized the assessment of each candidate.

⁴⁹ Available at <https://careers.un.org/lbw/attachments/ManualfortheRecruiter.pdf>.

412. In a fourth case, all 708 candidates were reviewed for a job opening, although 41 rostered candidates applied. According to the memo, the review was not limited to rostered candidates in order to ensure consideration of all applicants.

413. The Administration stated that in the first case the level of fluency/knowledge was only noted, and no candidate was excluded from the short or long lists on that basis. With regard to the second case, while the candidates were assessed, no interviews were conducted; however, that was the only way to record the process in Inspira. For the fourth case only 5 roster candidates applied and none were suitable. The Board noted that the information concerning the first and fourth cases contradicted the recruitment records.

414. The Board holds that the roster selection procedure is not transparent. The Administration invites applicants who are not on a roster to apply; however, their applications are not reviewed. Hiring managers and heads of departments/offices seem to be free to decide whether they want to review all candidates or only rostered candidates, and whether to start the review before the end of the posting period.

415. The Administration stated that the Secretariat did not require the review of applications from non-rostered candidates when recommending and selecting from the roster. The standard operating procedure for simplifying preliminary evaluations and recommending roster candidates stipulated that the recommendation of a roster candidate did not require preliminary evaluation, assessment and review by a central review body or documented records of such processes in Inspira. Prior to recommending candidates from the roster, hiring managers should give due consideration to the rostered candidates whose applications have been released for review. It was advisable to maintain internal records of the consideration to support the decision.

416. The Board noted that the recruitment process was time-consuming and cumbersome. The Secretariat received a significant number of applications. Hiring managers were responsible for assessing hundreds of applications in addition to their core responsibilities. The Board holds that the process and the distribution of responsibilities should be reviewed to shorten and simplify the process. Templates for evaluations, standardized assessment methods and more efficient pre-screening questions could help facilitate and accelerate the process. Furthermore, using recruit-from-roster methods for at least some Secretariat posts would reduce the timelines and would be more transparent than roster selection. The roster selection process is not sufficiently regulated and transparent. The Board holds that a standard operating procedure cannot establish rules and procedures (see [ST/SGB/2009/4](#)). While the administrative instruction on staff selection allows the selection of a rostered candidate without reference to a central review body, it does not authorize staff to forego the review of all pre-screened candidates.

417. The Board recommends that the Administration review the recruitment process to increase transparency and simplify and shorten the procedure.

Support structure staffing not compared across missions

418. The Secretary-General's bulletin on the organization of the Department of Field Support ([ST/SGB/2010/2](#)) stipulates that the Field Personnel Division is responsible for designing templates for organizational structures and the level of staffing resources in field operations. In his report on the budget for the support account for peacekeeping operations for period from 1 July 2018 to 30 June 2019 ([A/72/790](#) and [A/72/790/Rev.1](#)), the Secretary-General stated that the Field Personnel Division supports and monitors human resources management in the field to ensure consistency and standardization across missions while considering unique mission challenges.

419. Last year the Board found that the civilian staffing strength differed significantly between missions. The Board recommended that the Department of Field Support develop a methodology to determine staffing requirements for selected sections of missions and test that methodology. The Department of Field Support replied that it:

- (a) Periodically issued and updated guidelines for reviewing staffing requirements in the budgets;
- (b) Liaised with the human resources sections of missions to follow up, and assisted with their application;
- (c) Reviewed staffing requirements in the budgets in terms of justifications, staffing tables and organization charts;
- (d) Provided feedback to the mission on adjustments or corrections needed to ensure quality based on the guidance.

420. During the 2018/19 financial year, missions started to implement the new standardized mission support structure.⁵⁰ While that resulted in more standardized structures, the Board found that the civilian staffing strength still differed considerably, per sections/units and within sections/units.

421. For instance, the number of contingent-owned equipment officers and assistants differed significantly. MONUSCO had more than twice as many contingent-owned equipment staff as MINUSMA or MINUSCA. MINUSMA, however, inspected slightly more units with roughly the same amount of major equipment as MONUSCO. In UNMISS and MINUSCA, all contingent-owned equipment staff members were based in Juba and Bangui. The other missions had contingent-owned equipment staff in the sectors also.

Table II.8

Contingent-owned equipment posts (excluding United Nations Volunteers)

	<i>Officers</i>	<i>Assistants</i>	<i>Total</i>	<i>Military units to be inspected</i>	<i>Major equipment</i>
UNMISS	3	6	9	70	10 982
MONUSCO	2	16	18	55	10 758
MINUSMA	4	4	8	59	10 836
MINUSCA	1	7	8	53	9 006
UNAMID	2	7	9	30	8 763

Source: Umoja as at 21 October 2018; the electronic contingent-owned equipment system as at 19 November 2018; and data provided by the Administration.

422. As another example, the Board compared the number of human resources staff in missions and calculated the civilian staff to be managed per human resources staff member. UNMISS human resources staff members were responsible for 2.5 times more civilian staff than MINUSMA. All five missions were client missions of RSCE and received services in the human resources area.

⁵⁰ Department of Field Support, "Supplementary guidance on mission support structures", 7 September 2017, which requests missions to implement the guidance through financial years 2018/19 and 2019/20.

Table II.9
Number of posts requested by missions in 2018/19

	<i>Proposed resources (millions of United States dollars)</i>	<i>Total number of civilian staff</i>	<i>Number of human resources staff members</i>	<i>Human resources staff members per civilian staff</i>
UNMISS	1 154.7	2 831	35	1:81
MONUSCO	1 153.5	3 630	48	1:76
MINUSMA	1 099.5	1 900	59	1:32
MINUSCA	945.5	1 524	24	1:64
UNAMID	782.6	2 467	43	1:57
UNAMID revised budget	727.5	1 574	32	1:49

Source: Reports of the Secretary-General on the budget for 2018/19.

423. The Field Personnel Division stated that missions had the authority to decide on the internal allocation of staff at the subsection level. The Division also stated that it had reviewed the justification provided by missions for changes in staffing during the budget process. Apart from that, it conducted a comprehensive review of the staffing of human resources sections only. Other functions were reviewed by the respective technical departments/sections.

424. The Board considers it important that the allocation of civilian staff across missions be compared and missions be advised accordingly. Significant differences in staffing strength with similar workloads indicate that units either have excess capacity or cannot carry out all tasks to the best of their ability owing to the lack of resources. Missions have only limited insight into the structure of other missions and no insight into staffing at the subsection level. Furthermore, Headquarters did not provide missions with a comprehensive methodology to assess resourcing requirements.

425. The Board recommends that the Administration review and compare current mission support staffing at the section and subsection level across all missions and advise missions in cases of significant deviations.

426. The Administration partially concurred with the recommendation. It stated that it was within the missions' purview to implement what they considered to be most suitable. The Administration provided the mission's explanation for staffing without assessment. The Administration was of the view that the review of civilian staffing of mission support structure at the section and subsection level should not be conducted on a comparable basis, since all missions were different, and external and internal drivers had an impact on staffing. As of January 2019, the Department of Operational Support would be expected to: (a) provide guidance on organizational design and staffing structures in the context of the planning process for new entities and entities in transition; (b) review staffing against models and benchmarks on a regular basis; and (c) link the operational and evolving needs of clients with staffing programmes to anticipate vacancies and required skills and/or potential applicants, while ensuring consistency across all supported entities.

427. The Board holds that it is the Administration's task to advise missions on appropriate staffing and to ensure consistency across all missions.

14. Regional Service Centre in Entebbe

428. In 2010, RSCE was established to consolidate administrative and support functions for geographically grouped field missions in the context of the global field support strategy. Since then, the number of client missions and functions transferred

to RSCE has grown significantly. Furthermore, Umoja was rolled out and processes changed. During the 2016/17 financial year, RSCE became an independent entity with its own budget.

429. In 2017, the Department of Field Support engaged an external consulting firm to review the existing model of shared services at RSCE and the Kuwait Joint Support Office. The review identified weaknesses in the processes, for instance incomplete work assignments resulting in back-and-forth communication/clarifications between the centres and missions, manual handovers and approvals and other system and/or Umoja limitations. RSCE and the Kuwait Joint Support Office had started to implement changes recommended in the review report within their purview.

430. During the 2018/19 financial year, RSCE reorganized its structure to implement the recommendations of the review. Although some functions were consolidated and service lines were regrouped, there still remained room for simplifying and streamlining processes. Service lines continued to work independently in their teams without taking into account the end-to-end-process. The shared services report also identified a risk of a “silo mentality” owing to a strong focus on service lines and staff categories. For instance, in the vendor service line at least four staff members were involved with handling one invoice in five steps:

- (a) The client focal point stamps and forwards the invoice;
- (b) The team leader reviews and distributes the invoice;
- (c) The processor carries out a three-way match, checks for double payments and processes the invoice;
- (d) The reviewer reviews the steps taken by the processor;
- (e) The approver (who, in most cases, is also the team leader) reviews the steps taken by the processor and reviewer and approves the invoice.

431. The cashier service line processed the payment, which required at least two staff members. As a result, RSCE used no fewer than six staff members to process one invoice.

432. Furthermore, RSCE staff members who were “travel and shipment approvers” were responsible for certifying trips by mission staff members. They were responsible for confirming that the travel was in line with the mission mandate, validating the travel type and trip dates and ensuring that alternatives such as videoconferencing had been reviewed and found not to be effective. In addition, they were responsible for assessing the justifications provided if a request was submitted late. Although travel and shipment approvers did not have the required information, they had to confirm its correctness and were consequently held accountable.

433. The governance structure of RSCE is complex and involves various actors. The Regional Service Centre Steering Committee, chaired by the Assistant Secretary-General for Field Support, is responsible for providing the overall strategy and overseeing RSCE. Client missions form a client board.

434. The Board found that managerial issues were addressed only slowly. For example, an outdated agreement from 2011 with the MONUSCO Entebbe Support Base for the provision of services to RSCE was still in place and had not been updated. The update of key performance indicators had only been started in January 2018. A scalability model was used to calculate the total number of staff of RSCE; however, it was based on the initial allocation of staff, and RSCE resource requirements had not been analysed. In addition, RSCE reorganized its service lines again in 2018/19, after its earlier reorganization in 2017/18.

435. Compared with the financial year 2017/18, RSCE requested more posts and positions for administrative and strategic functions in 2018/19. RSCE requested that the number of staff at the Office of the Chief, the Deputy Chief and associated teams be increased from 44 to 55. The staffing of transactional service lines was to be reduced from 241 to 188, and 27 of the staff members were to be moved to the new client section services pillar.⁵¹

436. The conditions for providing shared services have changed in the past years. Some functions were transferred to RSCE, while other services were reassigned to missions.⁵² The shared services review provided a first assessment of the set-up. The Board holds that areas such as responsibility and accountability have to be reviewed in detail. Changes in the organizational structure and the delegation of authority from January 2019 onward will further affect the way in which shared services can be organized. The Board holds that a continuous review by subject-matter experts is needed to ensure that shared services are organized in a cost-efficient and effective manner. Processes must be aligned with Umoja as designed by the Secretariat and use its system of delegation of authority. Obstacles for shared services such as system and/or Umoja limitations should be highlighted.

437. The Department of Field Support stated that the Board's observations were inaccurate and requested their deletion. The Department further stated that the review of key performance indicators was an ongoing process and the scalability model had been adapted in the previous two years. The repeated reorganizations were part of continuous improvement and six of the additional administrative posts were related to a new property management unit. The Department of Field Support stated that the steps to process invoices were a workflow requirement and strictly in line with Umoja, as Umoja required three roles: financial accounting user, approver and senior user. The process was found adequate by consultants. RSCE stated that the use of fund commitments was a high-risk area, which made the extra step of checking for possible double payments necessary. Furthermore, travel and shipment approvers had all information required to certify mission staff travel and were therefore held accountable. The Department stated that RSCE had reviewed and categorized the recommendations of the shared services review and had started to implement them.

438. The Board is of the view that the statements related to invoice processing are not accurate. Umoja does not require a reviewer to process invoices; it requires only a financial accounting user ("processor") and approver. In addition, the shared services review criticized the multiple handoffs and peer reviews and did not find the process adequate. The Board holds that the development of a risk register in 2018 in compliance with the policy from 2011 took too long. The scalability model does not take into consideration the workload. Furthermore, the Board holds that Headquarters should review and assess the recommendations and identify additional issues not covered regarding the responsibilities of RSCE, its Steering Committee or the Secretariat.

439. The Board recommends that the Administration take stock of the recommendations of the shared services review, prioritize their implementation and identify additional issues not covered by the review in order to further standardize and simplify transactional processes and distribute responsibilities and resources appropriately.

440. The Department of Field Support partially concurred with the recommendation. It stated that it expected to complete the stocktaking exercise in the second quarter of 2019, with the endorsement of the Regional Service Centre Steering Committee.

⁵¹ See [A/72/777](#). Some of the proposed changes were not approved by the General Assembly.

⁵² For example, changes to the check-in and check-out process.

15. Information and communications technology

441. The Board noticed at UNMISS that while Umoja continues to be rolled out with more functionalities that should allow for integrated business processing “under one roof”, many activities related to human resources are still processed in other information technology legacy systems such as the Field Support Suite or Lotus Notes, leading to various redundant duplications.

442. New Umoja functionalities come with a need for higher data bandwidth in order to access data properly and to work smoothly. Bandwidth does not increase in accordance with need. Some missions depend on satellite connections as they lack fibre-optic cables. Certain systems are often only available and functional when the sky is blue. Rain and other weather constraints can also have a significant negative impact on operations, which is a significant factor given that the rainy season in some missions lasts for more than eight months a year. The monthly 10-day blackout of Umoja services adds to the lack of responsiveness and accessibility.

443. Likewise, the migration to Office 365 has caused multiple challenges and delays for staff members in the field, taking away from time needed to focus on the urgent human resources matters at hand.

444. While SharePoint provides new functionalities, the data are stored on servers located outside the mission area. If the connection is weak, the mission cannot work on the files.

445. The Board noticed that the issue of insufficient bandwidth for information technology systems which need external servers affects other missions as well.

446. The Board recommends that the Administration ensure that missions are provided with sufficient bandwidth to operate all information technology systems which need external servers.

447. The Department of Field Support and UNMISS concurred, in general, with the recommendation. UNMISS further commented that it is already taking action to increase the bandwidth of the existing satellite connectivity to alleviate bandwidth constraints at three locations. The deployment of additional O3B earth stations in Bentiu, Malakal and Bor to facilitate the expanded bandwidth capacity is expected to be completed by the end of June 2019. Similarly, UNMISS included the resource requirements for additional bandwidth in its 2019/20 budget proposal, which is now being reviewed by the Office of the Controller.

448. The Department of Field Support further stated that its Information and Communications Technology Division (now part of the Office of Information and Communications Technology) has communications services contracts in place to support the increasing demands of field missions for additional bandwidth. The recent implementation of a dynamic bandwidth allocation system by GSC is providing adequate bandwidth for core critical applications for all missions. In addition, all missions that use high bandwidth to meet operational demands have been encouraged to acquire bandwidth from the various available options and to ensure that the necessary resource requirements are included in their budget proposals.

449. The Department of Management stated that the deployment of O3B earth stations in three locations (Bentiu, Malakal and Bor) is expected to be completed by the end of June 2019. Pending budget approval, the additional bandwidth capacity will be provided by the fourth quarter of 2020.

C. Disclosures by management

1. Write-off of cash, receivables and property

450. The Administration reported to the Board that property amounting to \$46.0 million (\$26.5 million in 2016/17) had been written off during 2017/18. Of those write-offs, \$5.1 million related to equipment and \$40.8 million related to real estate assets. The main reasons for equipment write-offs were hostile actions or natural disasters (\$2.3 million) and losses and other circumstances (\$1.2 million). The main reason for real estate write-offs were the relocations and closures of sites as well as donations to governments concerning UNAMID (\$38.5 million). In accordance with financial rule 106.7, the Administration also stated that losses amounting to \$4.3 million (\$0.4 million in 2016/17) had been written off in respect of cash and receivables because they were considered irrecoverable.

2. Ex gratia payments

451. The Administration reported to the Board that three ex gratia payments, amounting to \$15,462, had been made.

3. Cases of fraud and presumptive fraud

452. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable assurance of identifying material misstatements, including those resulting from fraud. Our audit should not, however, be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

453. During the audit, the Board makes enquiries of management regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that management has identified or brought to its attention. The Board also enquires whether management has any knowledge of any actual, suspected or alleged fraud, and this includes enquiries of OIOS. The additional terms of reference governing external audit include cases of fraud and presumptive fraud in the list of matters that should be referred to in its report.

454. During the period under review, the Office of the Controller and OIOS reported 115 cases of fraud or presumptive fraud to the Board, involving an amount of \$16.26 million. During the previous year, 39 cases, involving an amount of \$9.40 million, had been reported (2015/16: 27 cases; 2014/15: 52 cases). Comparing those figures is challenging, as they depend on fraud detection and the amount involved is often reported as unknown. In accordance with the Financial Regulations and Rules of the United Nations, the Board is obliged to include a list of cases of fraud and presumptive fraud in its report, as provided by the Administration.

D. Acknowledgement

455. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretaries-General for Management, Peacekeeping Operations, Field Support and Internal Oversight Services and the Acting Controller of the Office of Programme Planning, Budget and Accounts and members of their staffs, as well as the staff at the missions.

(Signed) Kay Scheller
President of the German Federal Court of Auditors

Chair of the Board of Auditors
(Lead Auditor)

(Signed) Rajiv **Mehrishi**
Comptroller and Auditor General of India

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

23 January 2019

Annex I

Missions audited

Active peacekeeping operations

1. United Nations Mission for Justice Support in Haiti (MINUJUSTH)/United Nations Stabilization Mission in Haiti (MINUSTAH)¹
2. United Nations Mission for the Referendum in Western Sahara (MINURSO)
3. United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)
4. United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)
5. United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO)
6. African Union-United Nations Hybrid Operation in Darfur (UNAMID)
7. United Nations Disengagement Observer Force (UNDOF)
8. United Nations Peacekeeping Force in Cyprus (UNFICYP)
9. United Nations Interim Force in Lebanon (UNIFIL)
10. United Nations Interim Security Force for Abyei (UNISFA)
11. United Nations Interim Administration Mission in Kosovo (UNMIK)
12. United Nations Mission in Liberia (UNMIL)
13. United Nations Mission in South Sudan (UNMISS)
14. United Nations Support Office in Somalia (UNSOS)

Special-purpose accounts

1. Peacekeeping Reserve Fund
2. United Nations Logistics Base at Brindisi, Italy (UNLB)
3. Regional Service Centre in Entebbe, Uganda (RSCE)
4. Support account for peacekeeping operations
5. Employee benefits funds
6. Peacekeeping cost recovery fund

Closed peacekeeping operations

1. United Nations Operation in Burundi (ONUB), closed on 31 December 2006
2. United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL), closed on 31 December 2005
3. United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISSET), closed on 20 May 2005

¹ MINUSTAH transformed into MINUJUSTH on 16 October 2017.

4. United Nations Iraq-Kuwait Observation Mission (UNIKOM), closed on 6 October 2003
5. United Nations Mission in Bosnia and Herzegovina (UNMIBH), closed on 30 June 2003
6. United Nations Mission of Observers in Tajikistan (UNMOT), closed on 15 May 2000
7. United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH), closed on 15 March 2000
8. United Nations Mission in the Central African Republic (MINURCA), closed on 15 February 2000
9. United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM), closed on 26 February 1999
10. United Nations Preventive Deployment Force (UNPREDEP), closed on 28 February 1999
11. United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG), closed on 15 October and 30 November 1998
12. United Nations Observer Mission in Liberia (UNOMIL), closed on 30 September 1997
13. United Nations Peace Forces (UNPF), closed on 30 June 1997
14. Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA), closed on 31 May 1997
15. United Nations Mission in Haiti (UNMIH), closed on 30 June 1996
16. United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR), closed on 19 April 1996
17. United Nations Observer Mission in El Salvador (ONUSAL), closed on 31 May 1995
18. United Nations Operation in Mozambique (ONUMOZ), closed on 31 March 1995
19. United Nations Operation in Somalia (UNOSOM), closed on 3 March 1995
20. United Nations Military Liaison Team in Cambodia (UNMLT), closed on 15 November 1994
21. United Nations Transitional Authority in Cambodia (UNTAC), closed on 5 May 1994
22. United Nations Transition Assistance Group (UNTAG), closed on 21 March 1990
23. United Nations Iran-Iraq Military Observer Group (UNIIMOG), closed on 31 March 1991
24. Special Account for the United Nations Emergency Force (UNEF), closed on 30 June 1967
25. Ad Hoc Account for the United Nations Operation in the Congo (ONUC), closed on 30 June 1964

26. United Nations Mission in Ethiopia and Eritrea (UNMEE), closed on 31 July 2008
27. United Nations Observer Mission in Georgia (UNOMIG), closed on 5 June 2009
28. United Nations Mission in the Central African Republic and Chad (MINURCAT), closed on 31 December 2010
29. United Nations Mission in the Sudan (UNMIS), closed on 9 July 2011
30. United Nations Supervision Mission in the Syrian Arab Republic (UNSMIS), closed on 19 August 2012
31. United Nations Integrated Mission in Timor-Leste (UNMIT), closed on 31 December 2012
32. United Nations Operation in Côte d'Ivoire (UNOCI), closed on 30 June 2017
33. United Nations Mission in Liberia (UNMIL), closed on 30 March 2018

Annex II

Status of implementation of the outstanding recommendations of the Board as at 30 June 2018

			Status after verification				
Summary of recommendations	Reference	Management response in brief	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
A/68/5 (Vol. II), chap. II, for the period ended 30 June 2013							
Procurement and contract management							
1.	The Procurement Division accepted the Board's recommendation that it enhance the collection of contractor performance reports, and make better use of the information, to facilitate decision-making in contract awards or extensions.	para. 44	The Global Service Centre's new contract performance reporting tool, which is used to automatically and centrally collect contractor performance reports, was launched. Furthermore, the Enabling and Outreach Service which will be established under the Department of Operational Support will be tasked to explore available reporting measures, including United Nations Global Marketplace reporting functionalities, enhancements to Umoja and the expansion of the Global Service Centre's reporting system with a view to rolling out an enterprise-wide solution in 2019.	The recommendation remains under implementation. The Board further comments on the issue in chapter II of the present report and highlights its importance.		X	
Subtotal, 1 recommendation (percentage)				0	1 (100)	0	0

A/70/5 (Vol. II), chap. II, for the year ended 30 June 2015**Budget formulation and management**

1. The Board recommends that the Administration strengthen the composition review process for strategic deployment stocks in consonance with field requirements and ensure that items in strategic deployment stocks are regularly rotated.	para. 66	The Department of Field Support stated that the implementation of the recommendation was in progress.	The recommendation remains under implementation.		X		
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			<i>Status after verification</i>	
<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Under</i> <i>Implemented</i> <i>implementation</i> <i>implemented</i> <i>Not Overtaken</i> <i>by events</i>
Air transportation				
2. The Board recommends that the Administration review its requirements for unmanned aerial vehicle systems in order to optimize their numbers and usage and assess whether costs can be reduced without compromising operations.	para. 110	The Department of Field Support stated that mission requirements for unmanned aerial systems have been systematically reviewed, particularly in missions that have unmanned aerial systems capabilities. As a consequence, specific unmanned aerial systems services have been replaced or upgraded in order to achieve the most cost-effective solutions on a case-by-case basis. That was the case in MINUSCA (the system was replaced in early 2018) and MONUSCO (the system is to be replaced in November/December 2018). In addition, a joint team of technical experts recently conducted an assessment of MINUSMA intelligence, surveillance and reconnaissance aircraft needs to revise the mission's requirements. As a consequence, MINUSMA is preparing for the upgrade and replacement of its unmanned aerial systems with a more functional and cost-effective intelligence, surveillance and reconnaissance airborne platform.	The requirements for unmanned aerial systems have been reviewed in order to optimize their numbers and usage.	X
Enterprise risk management				
3. The Board recommends that all missions and service centres complete the development of structured risk registers as part of the implementation of enterprise risk management in accordance with the Department of Peacekeeping	para. 242	The Department of Field Support stated that it has supported the remaining field operations in implementing enterprise risk management implementation.	The recommendation has been implemented. The Board considers it important that the risk registers be regularly	X

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Operations/Department of Field Support guidelines, monitor and update the risks and take steps to mitigate them by making it part of the senior management review and decision-making.		As at 8 November 2018, the latest version of the risk registers for the last two missions, MINUSCA and MINURSO, has been promulgated. That completes the list of risk registers in peacekeeping operations.	updated and enhanced, and actually used for informed decision-making.				
Implementation of the global field support strategy							
4. The Board recommends that: (c) the activities relating to the succession management plan be completed in a time-bound manner, especially the compiling of a skills inventory and the reprofiling and certification of posts.	para. 282	The Administration has issued guidance to the missions on the reprofiling and certification of posts for key supply chain functions, and is about to build a pool of roster candidates. That has not been completed for remaining functions, including property management and business intelligence.	The recommendation remains under implementation.		X		
Subtotal, 4 recommendations (percentage)				2 (50)	2 (50)	0 (0)	0 (0)

A/71/5 (Vol. II), chap. II, for the year ended 30 June 2016

Financial reporting

1. The Board recommends that the Department of Management and the Department of Field Support work towards the phasing-out of the standard cost methodology and towards the recognition of the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets.	para. 27	The recommendation has been subsumed under the newly issued recommendation in chapter II, paragraph 33, of A/72/5 (Vol. II).	The Board holds that the usage of standard costs for property, plant and equipment is not compliant with IPSAS 17. Furthermore, the availability of actual cost data would improve the decision-making basis in procurement and would allow for the improvement of the budgeting basis of acquisitions. The recommendation has not been implemented.			X	
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			<i>Status after verification</i>		
<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
2. The Board recommends that the Department of Management and the Department of Field Support work towards the recognition of the actual costs of self-constructed items of property, plant and equipment that qualify for recognition as assets.	para. 31	Construction projects in the peacekeeping missions commencing 1 July 2018 are valued using actual costs. The commencement date for special political missions was 1 January 2018. Two workshops were held for both peacekeeping missions and special political missions in the first half of 2018 to train staff on the use of Umoja to capture actual costs of self-constructed assets.	The recommendation has been implemented. Actual costs will be recognized starting 1 July 2018.	X	
3. The Board reiterates its recommendation that the Administration review the useful lives of fully depreciated assets that are still in use.	para. 40	The review of the useful lives of fully depreciated assets still in use has been completed by offices/missions and the submissions have been received and reviewed by Headquarters. The revised useful lives are expected to be implemented from 1 July 2019.	The recommendation is under implementation.	X	
4. The Board recommends that the Department of Management and the Department of Field Support settle receivables from United Nations related party entities within 12 months.	para. 48	The Office of Programme Planning, Budget and Accounts (now the Office of Programme Planning, Finance and Budget) stated that the receivables from other United Nations entities became more visible through the implementation of a separate cost recovery fund. Previously, they had been commingled with various receivables in the mission accounts. The overdue receivables are also flagged in the monthly monitoring dashboard for the attention of the missions and their prompt follow-up. The target date for implementation is the second quarter of 2018.	The recommendation is under implementation.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
5. The Board recommends that the missions, in collaboration with the Regional Service Centre in Entebbe, implement within the financial year 2016/17 a comprehensive monitoring mechanism for group 1 and group 2 commitments to further improve accountability, to ensure that the commitments are settled or liquidated in the subsequent period and that estimated amounts are as accurate as possible. Regarding group 2 commitments, this would comprise the monitoring of the delivery of committed items within a reasonable period of time.	para. 58	The Administration stated that the checking of the validity of group 1 and group 2 commitments is part of the year-end closing activities, and such activities are not limited to the year-end period only. All mission budget and finance sections are actively involved in the management of financial resources throughout the year. In the interim, the Administration continues to provide guidance to the finance and budget officers at the missions and has requested that they ascertain the grouping of commitments.	The recommendation has been implemented.	X	
Department of Peacekeeping Operations workplans					
6. The Board recommends that the Department of Peacekeeping Operations develop a common workplan structure for its offices, divisions, sections and units so as to be able to link each of their planned outputs to the compacts of the Under-Secretary-General, the Assistant Secretaries-General and the Military Adviser.	para. 79	The Administration stated that the recommendation had been overtaken by events. Progress on the development of a common workplan structure was paused, pending the outcome of the proposal to restructure the peace and security pillar and the management reforms. Given that the Department of Peacekeeping Operations will cease to exist on 1 January 2019, the implementation of this recommendation has been overtaken by events.	The recommendation has been overtaken by events.		X

			<i>Status after verification</i>		
<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Under Implemented</i>	<i>Not Overtaken by events</i>
Welfare					
7. The Board recommends that the Administration ensure the preparation of annual financial reports of welfare and recreation committees.	para. 86	The Administration issued an instruction to all missions on 4 April 2018 to completely remove welfare and recreation accounts from the bank accounts and the general ledgers of the missions by 30 June 2018. Furthermore, the Administration stated that no future transactions would be allowed in Umoja or the missions' bank accounts for the activities of the social, recreation or welfare committees.	With the current standard operating procedures, close ties remain between the welfare committees and the support side of the missions. The Board holds that either the current standard operating procedures should be changed, or the welfare committees should perform simplified financial reporting to ensure transparency and accountability. The recommendation is under implementation.	X	
Asset and property management					
8. The Department of Field Support should also help missions to visualize data, drive planning, make decisions and take appropriate actions to improve in the areas of critical shortfalls and underperformance.	para. 104	The Department of Field Support has incorporated the property management performance index into quarterly performance reporting and has developed a dashboard to visualize historical data to enable the monitoring of trends and the identification of root causes and support decision-making. In addition, the Department has developed a supply chain performance framework.	The recommendation has been implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented	Not Overtaken implementation implemented by events
9. The Board recommends that missions perform a detailed analysis of their functions and document efficiency gains and process effectiveness upon the full implementation of the supply chain management framework. The analysis should detail the inefficiencies and ineffectiveness that existed prior to the implementation of the supply chain management concept.	para. 138	The Administration is currently working on a supply chain management framework. The framework includes an analysis of prior inefficiencies and ineffectiveness and was discussed in a workshop in Entebbe, Uganda, with the missions in October 2018.	The recommendation has been implemented.	X	
10. The Board also recommends that missions update the implementation road map to bring it into line with Department of Field Support directives. The road map should be translated into detailed milestones with relevant key performance indicators to measure performance during the implementation process.	para. 139	The Administration is currently working on a supply chain management framework. The framework will enable the Organization to monitor and manage the supply chain to strengthen effectiveness and efficiency.	The recommendation is under implementation.	X	
Air operations					
11. The Board recommends that the Department of Field Support define clear roles and responsibilities for United Nations use and coordination of air assets.	para. 145	The Department of Field Support stated that it will address the issue in the course of its implementation of the recommendation in chapter II, paragraph 121, of A/72/5 (Vol. II) . The Department intends to submit a proposal to realign the roles and responsibilities in the 2019/20 budget.	The recommendation is under implementation.	X	
12. The Board also recommends that the Department of Field Support realign the strategic air operations objectives so that the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre are able to revise their standard operating procedures, key performance indicators, workplans and job descriptions.	para. 146	The Department of Field Support stated that it will address the issue in the course of its implementation of the recommendation in chapter II, paragraph 121, of A/72/5 (Vol. II) . The Department is currently working on developing key performance indicators and revising standard operating procedures.	The recommendation is under implementation.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
13. The Board recommends that the Department of Field Support issue guidance to all missions to follow the procedures on air operations to ensure the economy of aviation support operations.	para. 151	The Department of Field Support stated that, through the Secretary-General's initiative to enhance the efficiency and cost-effectiveness of United Nations aviation, all field missions were reminded to comply with the special flights requirements.	Guidance was issued to all missions to follow the procedures on air operations.	X	
14. The Board recommends that the Department of Field Support task missions with analysing aircraft requirements in order to reduce the number of their "no flight required" days and ensure that their aircraft are effectively and efficiently used.	para. 156	The Department of Field Support stated that the recommendation had been implemented.	The Board considers the recommendation to be implemented.	X	
Acquisition planning and procurement management					
15. The Board recommends that the Administration establish a procedure that allows for the evaluation and analysis of mission requirements, the development of a global acquisition plan and, on that basis, the development of a procurement strategy.	para. 206	The Administration has finalized and promulgated its peacekeeping demand and acquisition plan for the financial year 2018/19 following the creation of a systematic mechanism to collect information on and analyse the requirements of field missions, consolidated by the Global Service Centre and finalized by Headquarters.	A demand plan has been finalized. The Board considers it important that the demand plan be integrated into Umoja and be used to develop a sourcing strategy.	X	
16. The Board recommends that the Procurement Division coordinate with the Department of Field Support on how to include the process of establishing the regional acquisition plan of the Regional Procurement Office in the process of developing the global acquisition plan.	para. 208	The Administration agreed that the global acquisition plan and the regional acquisition plan should be developed together and be aligned. In order to achieve that, a two-tier approach (i.e., short-term and long-term regional acquisition plans) was adopted while the global acquisition plan was in development so that immediate and ongoing requirements were not on hold while the global acquisition plan was being developed. The official communication to introduce the	While the new demand planning tool facilitates the demand planning, the Regional Procurement Office still developed its acquisition plan independently. The recommendation remains under implementation.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification	
			Board's assessment	Under Implemented implementation implemented Not Overtaken by events
		new web-based demand and acquisition planning tool, which was designed to simplify, standardize and enhance the collection of mission requirements for goods and services, and to request missions to implement the improved planning process for the 2018/19 budget cycle, was received on 27 December 2017 from the Global Service Centre.		
17. The Board recommends that procurement officers and requisitioners track and monitor procurement procedures covering the relevant steps, and that they share this information.	para. 217	In 2017, the Procurement Division published 12 new reports, including several that can be used to monitor delays in the procurement process (e.g., purchase orders with outstanding deliveries, pending shopping carts). The Division continues to improve Umoja's reporting capacities by providing assistance to the Umoja business intelligence team with the development of new semantic layers and views of the reuse of items. However, since Umoja Extension 2 has not yet been implemented, the Division has yet to clarify which specific measures would allow them to further track and monitor procurement procedures.	Umoja business intelligence provides 14 standard reports. The Procurement Division is consolidating further reporting requirements. While Umoja reporting is improving, the steps outside Umoja are not systematically monitored.	X
18. The Board recommends that the Administration encourage missions to use systems contracts whenever feasible.	para. 229	The Department of Field Support issued a facsimile dated 17 April 2018 reminding missions of various procurement requirements resulting from audit observations and recommendations. The facsimile emphasized, among other things,	The recommendation is considered to be implemented.	X

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		that systems contracts should be reviewed for all requirements to determine if their use is appropriate in accordance with the United Nations Procurement Manual and the Financial Rules and Regulations of the United Nations.			
19. The Board recommends that the role of the Regional Procurement Office be further defined in order to integrate it into the existing procurement structure (mission procurement sections and the Procurement Division) to allow for full usage of the Office, in accordance with General Assembly resolution 70/286 .	para. 248	In compliance with the current United Nations reform to integrate procurement with the supply chain management strategy, the Regional Procurement Office's role in serving client missions will be reviewed and clarified. The review is in progress in the context of establishing the Department of Operational Support.	The recommendation remains under implementation.	X	
Human resources					
20. The Board recommends that the Administration evaluate the civilian staffing reviews as an instrument for assessing the staffing structure of missions to determine the way forward.	para. 257	An after-action review of the civilian staffing review was completed, and a report issued on April 2018. During the steering committee's meeting held in April 2018, it was agreed to continue civilian staffing reviews subsequent to strategic reviews. Civilian staffing reviews would be required only in cases of strategic reviews that resulted in major changes to the mandate and/or the concept of operations as well as analysis by the Field Personnel Division as to whether a civilian staffing review was the appropriate modality to implement staffing changes.	The after-action review did not analyse the implementation of recommendations of the reviews and seemed to base its findings on the effectiveness solely on interviews. However, the Board acknowledges that the Administration evaluated the instrument and determined the way forward. The recommendation is considered to be implemented.	X	

<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Status after verification</i>		
			<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
21. The Board recommends that the Administration support missions in determining whether the engagement of external consultants/individual contractors is required or whether the relevant expertise/capacity is available within the Organization. In the event that in-house capacity cannot carry out core functions, the Administration and missions should develop and implement a strategy for a long-term solution.	para. 270	The new Inspira consultant and individual contractors' selection module was rolled out to all missions effective 1 October 2018. Training for all missions was organized in September 2018. While the module focuses on the selection of consultants and contractors, the training reiterated the rules and processes and explained the use of the new Inspira module in detail. The two pilot missions (the United Nations Verification Mission in Colombia and MINUJUSTH) also participated in the training and led a discussion on the benefits of the module, which include the reduction of paperwork, shorter processing times and better transparency and documentation of selections. The Field Personnel Division is also developing additional information for missions on the use of non-staff capacities which will be published on the Field Human Resources Community of Practice in Unite Connections before the end of 2018. The Department of Operational Support will establish a unit dedicated to non-staff capacities within the Human Resources Services Division of the Office of Support Operations which will focus on the provision of advice and guidance to all entities on the use of non-staff capacities, including consultants and individual contractors.	The new Inspira module is expected to make the selection process more transparent. Furthermore, the Field Personnel Division used the training sessions to reiterate and explain the rules and processes governing the use of consultants. The recommendation is considered to be implemented.	X	

<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Status after verification</i>		
			<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
22. The Board recommends that the Administration require missions to describe projects that require consultants/individual contractors in greater detail and more realistically. In particular, they should outline specific, measurable, attainable, results-based and time-bound outputs and functions and should establish milestones and evaluate performance.	para. 271	The Administration stated that missions were required to ensure that the provisions governing the use of consultants were strictly adhered to, including with regard to the purpose of employment and the verification that no expertise/capacity was available in-house. The Administration pointed out that the management of individual contractors and consultants had been delegated to missions. The Field Personnel Division reviewed requests for consultants and individual consultants during the budget review process and ensured that no request for consultants was made regarding core functions for which staffing was available.	The new Inspira module is expected to make the selection process more transparent. Furthermore, the Field Personnel Division used the training sessions to reiterate and explain the rules and processes governing the use of consultants. The recommendation is considered to be implemented.	X	
23. The Board recommends that the Administration continue its efforts to monitor the use of temporary duty assignments received and released from/to Headquarters and missions and compile complete data, including the associated costs.	para. 280	The Department of Field Support is now able to monitor the use of temporary duty assignments for international and national staff members in the Umoja travel module, provided travel requests in the system are accurately recorded. For locally recruited staff, there are still technical issues with the business intelligence tool in Umoja which prevents the automated collection of data in the system. Therefore, there is currently no systematic status reporting for temporary duty assignments of locally recruited staff members, which must be manually compiled by missions and provided to the Department of Field Support on a regular basis.	Further to the management response, the Field Personnel Division has clarified how the costs of those assignments should be distributed. The recommendation is considered to be implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		The Director of the Field Personnel Division issued a facsimile dated 12 September 2018 reminding missions of the guidance to be followed.			
24.	para. 288	The Administration is in the process of establishing a procedure to ensure that staff members without a performance rating or with a poor rating do not automatically receive a within-grade increment. That procedure is likely to involve the interface of Umoja and Inspira data and will primarily involve human resources managers, as well as first and second reporting officers. The process will take into account relevant United Nations staff rules and policies.	The recommendation remains under implementation.	X	
25.	para. 294	The implementation of the recommendation is in the final stage and will be fully implemented in the first quarter of 2019. A project to transfer all official status file documents is currently under way. The transfer of official status file documents has successfully been restored as a regular procedure. The process is closely monitored by the records management team. Efforts towards the conceptualization of an electronic registry have been taken. The policy and procedure aspects of that system are currently under discussion by key stakeholders.	The recommendation is under implementation.	X	

			<i>Status after verification</i>		
<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
Environmental management and waste management					
26. The Board recommends that the Department of Field Support remind missions to fill vacant Environmental Officer posts.	para. 335	The Department of Field Support stated that the recommendation has been implemented. Further to the Administration's comments in A/71/801 , the Department has completed the rostering of environmental affairs officers at the P-3 and P-4 levels. Both UNISFA and UNDOF took action to fill the environmental affairs posts. As of July 2018, an Environmental Affairs Officer (P-4) is now deployed in UNISFA, and UNDOF selected a candidate from the roster in July 2018.	The recommendation has been implemented.	X	
27. The Board recommends that the Department of Peacekeeping Operations and the Department of Field Support enhance their monitoring function by requesting missions to regularly update the status of environmental focal points.	para. 357	The Department of Field Support stated that the recommendation has been implemented. The terms of reference for missions' Force Headquarters environmental adviser and the sector and camp environmental focal points have been developed. On 27 March 2018, the Military Adviser of the Office of Military Affairs sent a facsimile to all field missions requesting the missions to appoint environmental focal points. All missions have appointed environmental focal points.	The recommendation has been implemented.	X	

			Status after verification		
Summary of recommendations	Reference	Management response in brief	Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
Organizational issues					
28.	The Board recommends that the Department of Field Support update regularly the description of its structure and the core functions of its divisions to determine accountabilities and administrative responsibilities.	para. 398	The General Assembly resolution on the support account for peacekeeping operations (resolution 71/295) approved the restructuring of the Logistics Support Division and the transfer of the Environment Section to the Office of the Under-Secretary-General for Field Support on 30 June 2017. While the Department of Field Support agrees to revise the Secretary-General's bulletin to reflect the organizational changes, the update may be delayed in the context of the management reform, which may have an impact on the Secretariat's organizational structure. In view of the ongoing organizational reform and given that the update of the Secretary-General's bulletin will apply to the entire Organization, the Department considers that the recommendation has been overtaken by events.	The Board considers the recommendation to have been overtaken by events.	X
29.	The Board recommends that the Administration obtain complete information and establish the facts.	para. 421	The Department of Management stated that OIOS recognized that the Board had conducted a comprehensive audit of MINURSO in August and September 2017. Taking that into account, OIOS considers that the next internal audit of MINURSO may only be advisable during 2019/20 or later. OIOS also noted that the underlying issue had been overtaken by events, as the Government of Morocco has	The Board considers the recommendation to have been overtaken by events.	X

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Overtaken by events	
30.	The Board recommends that the mission strengthen its internal control mechanism to prevent the recurrence of such cases.	para. 422 stopped providing accommodation and meals to military observers in Laayoune (Western Sahara) and, since 16 July 2016, the military observers have been paid mission subsistence allowance. The Department of Management refers to the above comments of OIOS on chapter II, paragraph 421, of A/71/5 (Vol. II) and to the Administration's comments in paragraph 251 of A/72/756 . In accordance with the workbook for Umoja Security Liaison Officers, all roles granted to Umoja users were being reviewed continuously and the segregation of duty checks was in effect during the post-Galileo decommissioning period.	The Board considers the recommendation to be implemented.	X			
Subtotal, 30 recommendations (percentage)				15 (50)	11 (37)	1 (3)	3 (10)

[A/72/5 \(Vol. II\)](#), chap. II, for the year ended 30 June 2017

Financial reporting

1.	The Board reiterates its recommendation that the Administration recognize the actual costs of self-constructed items of property, plant and equipment that qualify for recognition as assets.	para. 26 Construction projects in the peacekeeping missions commencing 1 July 2018 are valued using actual costs. The commencement date for special political missions was 1 January 2018. Two workshops were held for both peacekeeping missions and special political missions in the first half of 2018 to train staff on the use of Umoja to capture actual costs of self-constructed assets.	The recommendation has been implemented. Actual costs will be recognized starting 1 July 2018.	X			
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Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification	
				Under Implemented implementation	Not Overtaken implemented by events
2. The Board reiterates its recommendation that the Administration phase out the standard cost methodology and recognize the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets.	para. 33	Following the migration of property, plant and equipment and inventory from Galileo to Umoja, a detailed analysis of actual freight costs for the last fiscal year is being conducted for all business areas/plants. The result of the analysis is expected to provide a more accurate basis for establishing the standard cost percentages that are used to estimate associated costs for property, plant and equipment and inventory. Furthermore, an improvement to the Umoja solution was configured and tested to capture the effective date for updates to standard cost percentages. The Administration requests that this recommendation be closed.	The Board holds that the usage of standard costs for property, plant and equipment is not compliant with IPSAS 17. Furthermore, the availability of actual cost data would improve the decision-making basis in procurement and would allow for the improvement of the budgeting basis of acquisitions. The recommendation has not been implemented.		X
3. The Board recommends that the Administration enhance its disclosures regarding related party transactions and cost recovery transactions.	para. 40	A detailed analysis of the cost recovery transactions was conducted and additional instructions were included in the year-end instructions for the preparation of the financial statements to enhance disclosure.	Note 25 in the notes to the financial statements now contains a table detailing the transactions. The recommendation has been implemented.	X	
4. The Board recommends that the Administration instruct all missions and service centres that changes in supplier master data, such as bank details, only be effected after approval by the responsible finance and procurement officers. Umoja user rights should be configured accordingly and not allow the adding or modifying of bank details by a single user.	para. 45	A dual control mechanism for maintaining the banking information was implemented in June 2018. The enhanced process requires two people (i.e., the "four eyes" principle) to change banking details. Furthermore, the new process requires a duly completed and signed form, completed by the bank account number owner and the United Nations officer requesting the change.	The recommendation has been implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented	Overtaken implementation implemented by events
5. The Board recommends that the Administration facilitate read-only access in Umoja to the supplier relationship management database in Umoja for all necessary users in the service centres and missions.	para. 47	A change request was logged in January requesting the creation of such a read-only role. The change request was approved by the Change Advisory Board. The technical security update was implemented and submitted for testing in the second quarter of 2018. With the support of testing by business users, the change passed through development and quality assurance environments.	The recommendation has been implemented.	X	
6. The Board recommends that the Administration strengthen the management of bank accounts in Umoja by ensuring that the actual balances as at financial year-end are reflected in the general ledger and by reducing reconciling differences.	para. 53	Intensive efforts were taken to reduce the pending reconciling items. That included reinforcing the instructions in this area during the global videoconference discussions leading up to the mission submissions.	Open items were reduced substantially. The recommendation has been implemented.	X	
7. The Board recommends that the missions improve their reporting of group 1 commitments, in particular by implementing a targeted review of material commitments.	para. 59	The grouping criteria (the delivery principle of IPSAS) were re-emphasized in videoconferences with the missions. For the financial reports for the year ended 30 June 2018, the finance sections of the missions ensured that the review of the grouping was performed by cost centres before accruing the expenses.	The recommendation has been implemented.	X	
Budget formulation and management					
8. The Board recommends that the Administration initiate guidance and training of staff members on the mapping of budgetary requirements to expenditures in Umoja.	para. 74	To ensure clarity and consistency and improve the classification and reporting of expenditures, the Secretariat has reviewed the presentation of budget reports against historical data on actual expenditures for all missions as recorded in	The recommendation has been implemented.	X	

			<i>Status after verification</i>		
<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
		Umoja. As a result, training and guidance were provided to missions in cases where familiarization was needed. In addition, changes have been made to the structure of budget classes and subclasses within Umoja to improve the budget presentation and provide more detailed information so as to enable missions to budget and report expenditures in a standardized manner, while maintaining detailed information for comparison and decision-making purposes. Training has been provided to missions on those reports through WebEx and at the workshop for senior finance/budget officers. The Office of Programme Planning, Budget and Accounts continues to monitor approved resource utilization during budget implementation with missions, providing guidance on the timely utilization of resources while enhancing adherence to approved appropriations.			
9. The Board recommends that missions prepare quarterly reports on material redeployments.	para. 77	Redeployments between groups and classes of expenditure remain an essential feature of allotment management to provide missions with the required flexibility to deliver on their mandates and proactively meet the shifting operational priorities in response to both internal and external factors. Pursuant to General Assembly resolution 69/307 on	The recommendation has been implemented.	X	

			Status after verification			
Summary of recommendations	Reference	Management response in brief	Board's assessment	<div>Under Implemented implementation</div> <div>Not Overtaken implemented by events</div>		
		cross-cutting issues, the reporting on redeployments to the Advisory Committee on Administrative and Budgetary Questions every six months will continue. In addition, as recommended by the Board, missions have been requested to provide the Office of Programme Planning, Budget and Accounts with quarterly updates on the nature and extent of the budgetary redeployments within expenditure groups for information purposes.				
Welfare and recreation committees						
10.		The Board recommends that the Administration determine to either fully consolidate the welfare and recreation committees in the financial statements or entirely separate them, and act accordingly. Regardless of its decision, the Administration needs to ascertain whether the uncontrolled posting of welfare committees' transactions in Umoja to date led to uncovered liabilities and whether United Nations budgetary resources were spent for welfare activities.	para. 83	The Administration issued an instruction to all missions on 4 April 2018 to completely remove welfare and recreation accounts from the bank accounts and general ledgers of the missions by 30 June 2018. Furthermore, the Administration stated that no future transactions would be allowed in Umoja or the missions' bank accounts for the activities of social, recreation or welfare committees.	The recommendation has been implemented.	X
11.		The Board recommends that the Administration revise its policy and standard operating procedure on welfare and recreation committees and issue clear guidance in the areas of workplans, compliance reports, cash management and monitoring of revenues.	para. 88	The Administration issued an instruction to all missions on 4 April 2018 to completely remove welfare and recreation accounts from the bank accounts and general ledgers of missions by 30 June 2018. Guidance documents in the other areas are under development.	The recommendation is under implementation.	X

			Status after verification	
Summary of recommendations	Reference	Management response in brief	Board's assessment	Under Implemented implementation implemented Not Overtaken by events
Air operations				
12. The Board recommends that the Administration establish a central budget for all strategic air operations and consider including all regional air operations and air troop movements in it.	para. 99	The Department of Field Support stated that, pursuant to its resolution 72/266 , the General Assembly reaffirmed that no changes to the budget methodology, established budgetary procedures and practices or the financial regulations may be implemented without its approval. In its resolution 64/269 the Assembly stressed the need to respect the principle of separate financial arrangements for missions. The Department assessed the recommendation as overtaken by events.	The Board holds that the implementation of the recommendation is crucial to further improvements in the efficiency of air operations and has not yet been implemented.	X
13. The Board recommends that the Administration consider introducing centralized aircraft coordination at global and regional levels, which would permit the sharing of commercial and military aircraft between peacekeeping and special political missions in the most efficient and cost-effective way.	para. 103	The Department of Field Support stated that the Strategic Air Operations Centre is responsible for centrally coordinating global and regional commercial flight operations. In addition, the Administration plans to use standby contracts in future as they present a fully shared capability that could be made available, when required.	The recommendation is considered to be implemented.	X
14. The Board recommends that the Department of Peacekeeping Operations and the Department of Political Affairs be put in charge of determining and keeping updated missions' current aircraft demands within budget limitations, and request missions to draft an air operations concept in close cooperation with the Department of Field Support. This air operations concept should include commercial and military aircraft as well as unmanned aerial systems. It should be based on the mission concept and the mission support concept as well as the	para. 113	The Department of Field Support stated that the Administration is currently revising the aviation unit's Statement of Unit Requirements. As of October 2018, 4 Statements of Unit Requirements have been revised and updated, 5 are in the process of review and 12 are scheduled for future review.	The recommendation remains under implementation.	X

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
military and the police concepts of operations. The Statements of Unit Requirements derived from the mentioned air operations concepts should be realistic and in accordance with the capabilities of aviation military units of that size. The Department of Field Support should be involved in the Statement of Unit Requirements process.					
15. The Board recommends that the Administration consider delegating coordination and tasking authority for all peacekeeping and special political missions' strategic air operations to the Strategic Air Operations Centre.	para. 119	The Department of Field Support stated that the Strategic Air Operations Centre is responsible for centrally coordinating global and regional commercial flight operations.	The Administration does not state that the Strategic Air Operations Centre has been given tasking authority for all peacekeeping and special political missions' strategic flights. The recommendation will be expanded in chapter II, paragraphs 268–270, of the present report, and remains under implementation.	X	
16. The Board further recommends that the Administration consider subordinating the air operations component of the Transportation and Movements Integrated Control Centre to the Strategic Air Operations Centre to command and control the commercial and military aircraft of the regional missions.	para. 121	The Department of Field Support stated that it will submit a proposal to realign the roles and responsibilities of the air component of the Transportation and Movements Integrated Control Centre in the 2019/20 budget. The Department further stated that it will address the recommendations in chapter II, paragraphs 145 and 146, of A/71/5 (Vol. II) in this regard.	The recommendation remains under implementation.	X	
17. The Board recommends that the Department of Peacekeeping Operations collaborate with the missions to determine which fixed- and rotary-wing military aircraft can be replaced by commercial aircraft, provided this is less cost-intensive and does not have a negative effect on safety and security.	para. 127	The Department of Field Support stated that the Administration is currently replacing military aviation assets with commercial aircraft in tasks mainly related to administrative and logistic activities.	The recommendation remains under implementation.	X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification	
				Under Implemented	Overtaken by events
18. The Board recommends that the Administration develop key performance indicators that reflect efficient and cost-effective use of commercial and military aircraft, including unmanned aerial systems. The indicators should also include total costs, including letters of assist, memorandums of understanding and all other costs related to air operations. Memorandum of understanding costs should be included as part of a contingent-owned equipment unit's key performance indicators.	para. 132	The Department of Field Support stated that it is currently developing the recommended key performance indicators and that the exercise should be completed by the second quarter of 2019/20.	The recommendation remains under implementation.	X	
19. The Board recommends that the Administration issue guidelines which cover the entire process of the letter of assist and the related memorandum of understanding for military aircraft. The guidelines should set out the respective roles of the Department of Peacekeeping Operations and the Department of Field Support, the Procurement Division of the Department of Management and the Headquarters Committee on Contracts. They should designate an accountable and responsible process owner and regulate the competitive selection of contributing countries as well as the calculation of reimbursement rates or fixed costs included in the Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police-Contributors Participating in Peacekeeping Missions.	para. 139	The Department of Management stated that the Office of Supply Chain Management is planning to issue guidelines on letters of assist in the second quarter of 2019.	The recommendation remains under implementation.	X	
20. The Board recommends that the Administration implement the letter of assist process in Umoja.	para. 140	The Department of Management stated that system processes for the creation of commitments (purchase orders), receipt of services and payments for services related to letters of assist are implemented in Umoja.	The recommendation is only partially implemented. The entire letter of assist process is not included in Umoja, as described in chapter II, paragraph 138, of A/72/5 (Vol. II) . The recommendation remains under implementation.	X	

			<i>Status after verification</i>		
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21. The Board recommends that the Administration analyse non-United Nations passenger requirements authorized by Security Council mandates. Non-eligible non-United Nations passengers must not be taken into account when calculating overall air transport capacity need.	para. 144	The Department of Field Support stated that requirements for aviation assets for each mission are determined on the basis of utilization trend analyses, which do not include non-United Nations passengers. In addition, the Department stated that it is currently finalizing a guidance document to ascertain the status of non-United Nations passengers, which will be communicated to the missions.	The recommendation remains under implementation.		X
22. The Board recommends that the Administration limit reimbursement rates for strategic air movements under letters of assist to notional long-term charter wide-body aircraft rates.	para. 151	The Department of Field Support agreed with the recommendation and confirmed that the new methodology has been implemented.	The recommended methodology has been implemented according to supporting documents.	X	
23. The Board recommends that the Administration increase backup wide-body aircraft utilization before entering into a short-term contract or letter of assist.	para. 153	The Department of Field Support stated that the transfer of the operational and tasking control from United Nations Headquarters to the Strategic Air Operations Centre in early 2018 is expected to optimize the use of backup wide-body aircraft. The Procurement Division provided additional evidence for increasing the utilization of the backup aircraft through a contract amendment.	The recommendation is considered to be implemented.	X	
24. The Board recommends that the Administration consider including more flight hours in the follow-on long-term charter contract and continuously contracting a second wide-body aircraft.	para. 155	The Department of Field Support stated that the request for proposal to replace the current contract with Ethiopian Airlines at the end of 2018 takes into consideration a higher utilization of ²⁴ . The Board recommends that the	The recommendation is considered to be implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		Administration examine whether an the long-term charter contract. The Procurement Division provided additional evidence that the statement of work for the follow-on contract aims at a significantly increased utilization of the long-term charter contract.			
25.	The Board recommends that the Administration consider future air operations cooperation with the World Food Programme.	para. 159 The Department of Field Support stated that it has engaged with the missions to collect data and feedback on existing arrangements with any United Nations agency for the utilization of air assets, and on the opportunity for possible cooperation where such arrangements do not exist. The review of the feedback is ongoing, since not all answers were received as of October 2018.	The recommendation remains under implementation.	X	
26.	The Board recommends that the Administration appoint staff senior enough to oversee and ensure the implementation of internal review recommendations even if two departments are affected.	para. 168 The Department of Field Support stated that, due to the implementation of the Secretary-General's management reform effective 1 January 2019, the Board will be advised of the appointment of the new senior manager responsible for the implementation.	The recommendation remains under implementation.	X	
Procurement at the United Nations Support Office in Somalia					
27.	The Board recommends that the Administration impose planning along realistic timelines and the implementation of adequate control mechanisms to ensure that the approved source selection plan is adhered to during the evaluation process.	para. 174 The Administration reported that the determination of realistic timelines was discussed in its weekly "sourcing" meetings. Furthermore, UNSOS was in the	The recommendation is considered to be implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		process of regularizing the ex post facto cases and had confirmed that the control measures had been put in place to avoid a recurrence of delays in the procurement process. The Department of Field Support issued a facsimile dated 17 April 2018 reminding missions of various procurement requirements resulting from audit observations and recommendations.			
28.	The Board recommends that the Administration liaise with UNSOS and better coordinate with AMISOM to ensure that their annual medical needs are established and duly taken into account when analysing the procurement needs of the Medical Section.	para. 178	UNSOs and AMISOM have jointly established a list of essential drugs and pharmaceuticals that would guide both parties in determining the requirements for AMISOM.	The recommendation is considered to be implemented.	X
29.	The Board further recommends that the Administration identify process owners, strengthen internal controls and enforce accountability over procurement planning and contract management to minimize errors during the procurement process and to ensure the timely delivery of medical supplies.	para. 179	The Administration stated that UNSOS had improved coordination with AMISOM in establishing annual medical needs and strengthening internal controls over procurement planning and the delivery of medical supplies. UNSOS has taken measures to minimize errors during the procurement process.	The recommendation is considered to be implemented.	X
Delegation of authority					
30.	The Board recommends that the Secretariat develop a clear, simple and transparent system for delegating authorities to peacekeeping missions and ensure that responsibilities and accountabilities are aligned.	para. 188	The new system for delegation of authorities was implemented as at 1 January 2019.	The recommendation is considered to be implemented.	X
31.	The Board recommends that the Secretariat implement the system for delegating authorities in Umoja. In the meantime, relevant documents	para. 192	The recommendation will be addressed as part of the ongoing management reform.	The implementation of the recommendation is ongoing.	X

Summary of recommendations	Reference	Management response in brief	Status after verification	
			Board's assessment	Under implementation Not Overtaken by events
authorizing a decision should be uploaded to Umoja.				
Management of the Regional Service Centre in Entebbe				
32. The Board recommends that the Department of Field Support and the Regional Service Centre in Entebbe clearly define their relationship and the Centre's relationship to client missions, revise and simplify the delegations of authority and update the relevant agreements.	para. 201	A review of the service-level agreement was undertaken by RSCE, together with its client missions in February 2018. The revised agreement was presented to the client board in February 2018, and subsequently to the Steering Committee in March 2018. RSCE expects that the revision to the agreement will be completed by 31 October 2018.	As of November 2018 the new service-level agreement was in place. Furthermore, delegations of authority will be revised in 2019.	X
33. The Board recommends that the Department of Field Support, together with the Regional Service Centre in Entebbe, review the objective of the key performance indicators and redefine the indicators to provide an effective management tool.	para. 208	RSCE undertook an extensive review of the key performance indicators together with its revision of the service-level agreement. It is expected that the revised key performance indicators will be implemented once the service-level agreements have been signed.	The objective of the key performance indicators is still not clear. The revision is still ongoing.	X
34. The Board recommends that the Department of Field Support, together with the Regional Service Centre in Entebbe, measure the workload of the Centre and base the scalability model on the actual workload.	para. 215	RSCE is working closely with the Department of Field Support to incorporate new elements in the scalability model, as well as workload statistics, given the increasing familiarity by the general users and service managers in RSCE with Umoja functionalities. Work between RSCE and the Department is in progress to identify key points, data sets and processes that best represent the work of RSCE to inform the new scalability model. The plan is to test a working model for use during the 2019/20 budget formulation.	The recommendation remains under implementation.	X

			Status after verification	
Summary of recommendations	Reference	Management response in brief	Board's assessment	Under Implemented implementation implemented Not Overtaken by events
Procurement				
35.	The Board recommends that the Administration analyse the landed costs and implications of the vendor's obligation to deliver goods for the major types of commodities and develop guidance for solicitations regarding the determination of delivery terms/international commercial terms that result in best value for money, taking into account the total costs of goods, including the cost of freight, regardless of whether freight is included in the price of goods or contracted separately.	para. 223	The Administration is actively working on the implementation of the recommendation.	The recommendation remains under implementation. X
36.	The Board recommends that the Administration provide clear guidance on recording the costs of freight forwarding services and terms of agreements in Umoja and link those costs to the procured items.	para. 229	The Procurement Division noted that a standardized recording of costs of freight in Umoja was complex and involved a variety of stakeholders. Specifically, the treatment of freight forwarding performed by third parties must be implemented carefully to avoid the diminishing of internal controls and clear reporting related to expenditures. Given that the design for supply chain modules in Umoja was under way, the implementation might require further analysis.	The Procurement Division and the Logistics Support Division stated that they were working on the issue and were currently awaiting input from Umoja. The recommendation remains under implementation. X
37.	The Board recommends that the Procurement Division, in collaboration with the Department of Field Support, initiate the solicitation of a global systems contract for freight forwarding services.	para. 234	The Procurement Division is awaiting the final statement of work from the Department of Field Support in order to initiate the solicitation exercise.	The recommendation remains under implementation. X
38.	The Board recommends that the Procurement Division and the Department of Field Support analyse the reasons for the limited progress made regarding the change of solicitation method for air charter services and develop a strategy for implementing the change.	para. 242	The Procurement Division and the Department of Field Support are making further progress and noted that in general, the request for proposal method is better suited than the invitation to bid method for the procurement of high-value aviation services to field missions. Procurement of all	The Administration analysed the reasons for the limited progress, as recommended. The Board holds that the Administration should now address those challenges. The recommendation is X

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		other major types of services to the field missions is done through requests for proposals, even when the services to be delivered can be described in great detail (e.g., provision of fuel). Distinct from the question of which solicitation method should be used is the matter of how to specify the services in the statement of work.	considered to be implemented.		
39. The Board recommends that the Procurement Division, in collaboration with the Department of Field Support and the missions, review the role and the governance structure of the Regional Procurement Office and define a clear role and clear responsibilities that avoid duplicate structures.	para. 257	A review is in progress, in the context of establishing the Department of Operational Support.	The recommendation remains under implementation.	X	
Human resources					
40. The Board recommends that the Department of Field Support develop a methodology to determine staffing requirements for selected sections of missions, and test the methodology to ensure an objective approach across all missions, to support mission planning and to facilitate the budget process.	para. 266	The Department of Field Support stated that it continued to work on methodologies that would further streamline and standardize that process. Going forward, the Department would also continue to work with the process owners in the Department of Management to leverage Umoja as a tool for organizational workforce planning. In addition, the Department of Field Support periodically issued and updated guidelines for reviewing staffing requirements in the budgets.	The methodologies to streamline and standardize the process are still under development. The recommendation remains under implementation.	X	
41. The Board recommends that the Field Personnel Division improve its support and monitoring role in the area of post management, including in particular by ensuring that data is accurate, that loans do not prevent sections/units from fulfilling their functions and that vacancies are monitored from a human resources point of view.	para. 273	The Field Personnel Division is working with the administrators in the human resources sections of missions on complying with the procedure and purpose of staff loans as well as long-term vacant posts. Staff loans to fill	The Division relies on the information recorded in Umoja. It requests missions to send additional information. Furthermore, the Division stated that it	X	

<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Status after verification</i>		
			<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
		posts and long-term post vacancies are included as indicators in the monitoring framework and are reviewed continuously and discussed with senior leadership at the periodic meetings of the monitoring review group. In that regard, the Division relies on the reports generated by Umoja and follows up with the missions for corrective action.	was not responsible for the monitoring of organizational management at the subsection level. The recommendation is considered to be implemented.		
42.	The Board recommends that the Field Personnel Division advise human resources staff on which decisions and documents should be preserved in official status files and which in working files, taking into account the distribution of responsibilities for processing and administering peacekeeping staff.	para. 280	The Field Personnel Division issued comprehensive guidelines for the transfer of official status files to all missions. The guidelines provide direction on the procedures for filing personnel documents in either electronic or paper-based format, the documents that should be filed in the official status file in the centralized repository in Headquarters and the documents that should be filed in a staff member's working files in her or his mission. In addition, the Headquarters registry team has been providing hands-on support.	The recommendation has been implemented.	X
43.	The Board recommends that the Field Personnel Division provide clear guidance to the missions and service centres on the criteria for the use of temporary duty assignments, the distribution of costs and monitoring.	para. 291	The Department of Field Support updated its previous guidance to field missions regarding the criteria for the use of temporary duty assignments to reflect the changes in the processing of the associated travel requests as a result of the introduction of Umoja. The guidance has been circulated to all missions and service centres.	The guidance outlines the process in Umoja, highlights time constraints and stipulates that the receiving mission must bear the costs. The recommendation has been implemented.	X

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
44. The Board recommends that the Administration implement the tools necessary for a competitive selection process of consultants and individual contractors and provide adequate guidance to missions in accordance with ST/AI/2013/4 .	para. 301	The Administration stated that the function to circulate job openings in order to select consultants and individual contractors on a competitive basis has been available in Inspira on a pilot basis since 2015. The module is also planned to be made available to field missions on a pilot basis.	The module was rolled out to all missions on 1 October 2018. The recommendation has been implemented.	X	
Travel management					
45. The Board recommends that the Administration, together with the missions and service centres, review the advance purchase policy and evaluate how best prices for peacekeeping operations travel can be achieved.	para. 308	The Office of Central Support Services stated that the Department of Field Support was currently collecting the data needed for such an analysis. The analysis of Headquarters' ticketing data for the first half of 2018 reported that the advance purchase of tickets demonstrated an average of 14.1 per cent in savings. Given that Headquarters is one of the largest travel processing offices in the Secretariat, issuing approximately 20,000 tickets annually, that analysis could be considered representative of the overall potential savings of the advance purchase policy. The Administration stated that a global policy would likely be easier to manage, enforce and report on, rather than a more nuanced policy that distinguishes peacekeeping-related travel and/or classes of service, while addressing the problem of paying a premium for travel due to poor planning.	The recommendation remains under implementation.	X	

<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Status after verification</i>		
			<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
46. The Board recommends that the Administration analyse how the rules for travel and their implementation in Umoja can be aligned further, taking into account the need to clarify accountabilities.	para. 316	A comprehensive review of delegation of authority is being undertaken in the context of the Secretary-General's management reform, with delegation directly to heads of entities across the Secretariat, effective 1 January 2019. The comprehensive review includes a review of related areas in the Financial Regulations and Rules of the United Nations in order to clarify authorities and responsibilities for the exercise of financial authority, including the delegation of certifying authority to programme managers. The Administration requests the closure of the recommendation.	Neither revised rules or processes nor a new system for assigning the roles were shared with the Board. The recommendation remains under implementation.	X	
47. The Board recommends that the Umoja travel module be further simplified and that Umoja detect or prevent duplicate travel requests to avoid manual checks by processing officers.	para. 321	The simplified travel module was delivered in April 2018 as planned. As a part of the delivery, improvements and simplifications for process and travel forms were implemented. In accordance with its design, and as previously stated, in some cases duplications can be valid. Notwithstanding, there are report and analysis tools available for monitoring and analysis after the fact. The Administration requests the closure of the recommendation.	The travel module was simplified. The Board holds that the Administration still needs to find a solution that better monitors overlapping travel requests to avoid cumbersome manual checks.	X	
48. The Board recommends that justifying a late request in Umoja be mandatory, and that justifications be standardized to allow for an analysis of the reasons for delayed submissions.	para. 332	Mandatory, standardized reason codes for the late submission of travel requests were implemented in Umoja in April 2018.	The recommendation has been implemented.	X	

			Status after verification	
Summary of recommendations	Reference	Management response in brief	Board's assessment	<div> <div>Under</div> <div>Implemented</div> <div>implementation</div> <div>implemented</div> <div>Not Overtaken</div> <div>by events</div> </div>
Supply chain management				
49. The Board recommends that the Administration develop a road map for supply chain management and clearly define its own role and responsibilities and the roles and responsibilities of the Global Service Centre and the missions in the relevant phases.	para. 344	The Administration is currently working on a supply chain management framework which will define the roles and responsibilities in the relevant phases.	The implementation of the recommendation is ongoing.	X
Vehicle and fuel management				
50. The Board recommends that, together with missions, the Department of Field Support analyse the cause of inaccurate data and reports of CarLog and review the benefits and costs associated with providing interfaces with other systems, in particular the electronic fuel management system.	para. 353	The Department of Field Support stated that some of the reasons reported were owing to system management issues and could be addressed at the mission level. It would re-emphasize and communicate to missions the proper handling of the system. With regard to the lack of access to CarLog reports, the Department stated that it was aware of the shortcoming and was currently in the process of evaluating a new fleet management and vehicle tracking system that would include global fleet management reporting and dashboards. The Administration was in the process of establishing a new contract for a fleet management and vehicle tracking system, which will ultimately replace the current CarLog system.	The Board considers it important that the current system provide accurate data and reports, as it will take years to replace the system. The recommendation remains under implementation.	X
51. The Board recommends that the Department of Field Support review the requirements defined in the request for proposal and the results of the pilot in the light of the current shortcomings of the CarLog system and the needs of missions and the Department.	para. 360	In November 2018, the Administration was still in the process of procuring a new fleet management and vehicle tracking system.	The recommendation remains under implementation.	X
52. The Board recommends that UNSOS analyse fuel consumption reports and enforce appropriate consumption levels.	para. 367	UNSOs has taken comprehensive actions to concur with the recommendation.	The recommendation has been implemented.	X

Summary of recommendations	Reference	Management response in brief	Status after verification	
			Board's assessment	Under Implemented implementation implemented Not Overtaken by events
53. The Board further recommends that UNSOS install tamper-resistant fuel tanks at all generators in the power houses and also install all necessary equipment for fuel safety and control.	para. 368	UNSOS has completed the installation of tamper-proof fuel tanks and closed-circuit television cameras in the Mogadishu Airport compound.	The recommendation has been implemented.	X
54. The Board recommends that UNISFA enhance coordination among self-accounting units to closely follow up on and investigate excessive fuel consumption by its vehicles, in accordance with the requirements of the standard operating procedures, and review and use CarLog data to improve fuel management.	para. 373	The UNISFA Fuel Unit closely monitored any abnormal fuel consumption. Involved sections and users were requested to investigate and to provide written explanation regarding the abnormal fuel consumption.	The implementation was confirmed during the latest audit visit to UNISFA.	X
55. The Board recommends that the Department of Field Support identify a mission-wide approach to reduce data classification errors and improve electronic fuel management system data quality.	para. 387	The Administration is currently working on an update of the electronic fuel management system to better classify fuel-consuming equipment and vehicles and thereby enhance data quality.	The implementation of the recommendation is ongoing.	X
56. The Board recommends that the Administration issue a guideline regarding the amount of insurance coverage, especially for those contracts relating to fuel supply.	para. 392	The Administration issued an inter-office memorandum on guidance regarding insurance coverage for fuel contracts, and a sample text for contracts.	The recommendation has been implemented.	X
Galileo decommissioning project				
57. The Board recommends that the Administration address the remaining shortcomings in the Umoja supply chain solution with high priority. That includes, inter alia, the provision of all necessary reports and the cleansing of the Umoja material and service master catalogue.	para. 408	The Administration's comments were reflected in chapter II, paragraph 409, of A/72/5 (Vol. II) . The additional business intelligence reports referenced therein have been completed. The actions detailed in paragraph 409 will address the shortcomings and, therefore, the Umoja supply chain solution does not require changes from a technical perspective.	The Board has included a supply chain solution in its audit of the impact of the decommissioning of Galileo in the present report. Given the exercises and projects addressing the shortcomings that were initiated by the Administration, the Board considers the recommendation to be implemented.	X

			Status after verification	
Summary of recommendations	Reference	Management response in brief	Board's assessment	<div> <div>Under</div> <div>Implemented</div> </div> <div> <div>implementation</div> <div>implemented</div> </div> <div> <div>Not</div> <div>Overtaken</div> </div> <div> <div>by events</div> </div>
Information and communications technology				
58. The Board recommends that the Administration remind missions to complete their necessary training on ICT, and to review, test, implement and update all the required ICT plans.	para. 419	The Department of Field Support stated that missions were requested to complete their necessary training on ICT without delay. The document management framework for all missions assures monthly monitoring of completion rates. In addition, missions were advised to review and update their ICT plans and to conduct one annual disaster recovery exercise and one annual incident response exercise.	Missions have been reminded to complete their necessary ICT training and to review and update the required ICT plans.	X
59. The Board recommends that MONUSCO and UNISFA review all the roles that have been granted in Umoja in accordance with established Umoja security access procedures and eliminate all non-compliant roles, establish regular review procedures to ensure that all roles are commensurate with job descriptions and are not in conflict and ensure that the rights of separated staff are terminated in a timely manner.	para. 426	The Department of Field Support stated that MONUSCO and UNISFA have acted on the recommendation in accordance with the workbook for Umoja Security Liaison Officers. All roles granted to Umoja users have been reviewed and the segregation of duty checks have been conducted.	The recommendation has been implemented according to the Department of Field Support's statement and supporting documents.	X
Environmental management				
60. The Board recommends that the Administration remind missions of the responsibility to prevent soil contamination, including through ensuring that general and hazardous waste is properly disposed of at UNISFA and applying the stipulations of the report of the Rapid Environment and Climate Technical Assistance Facility to the follow-up mission of MINUSTAH.	para. 432	The Department of Field Support stated that the recommendation has been implemented. For the 2017/18 financial year, the Environment Section rolled out, for the first time, an environmental performance and risk management system which collects data through the mission-wide environmental action plan for each financial year on a number of indicators, including the prevention of soil	The recommendation has been implemented.	X

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		contamination. A project team from the Rapid Environment and Climate Technical Assistance Facility was deployed to UNISFA in October 2017, and another team was deployed to MINUJUSTH in May and July 2018 to follow up on MINUSTAH liquidation issues.			
61. The Board recommends that the Administration ensure that administrative stipulations are adhered to. This concerns the appointment of an environmental affairs officer at UNDOF, quarterly meetings of the Environmental Committee at UNMIL and the definition of roles and reporting requirements at UNSOS.	para. 440	<p>The Department of Field Support stated that the recommendation has been implemented. For the 2017/18 financial year, the Environment Section rolled out an environmental performance and risk management system which collects data, through the mission-wide environmental action plan, for each financial year on a number of indicators, including compliance with environmental policies. The missions have taken the following actions:</p> <p>(a) UNDOF has selected a candidate from the roster for the Environmental Affairs Officer (P-3) post;</p> <p>(b) At UNMIL, remediation works and environmental assessments were conducted prior to the mission's closure;</p> <p>(c) UNSOS developed environmental procedures to better define the roles and reporting requirements.</p>	The recommendation has been implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented	Not Overtaken implementation implemented by events
62. The Board recommends that renewable sources of energy be used to achieve the environmental objectives and that an action plan be prepared to install meters in unmetered power generators in a timely manner, and to make operative and regularly monitor the energy production of all photovoltaic systems.	para. 447	The Department of Field Support stated that the recommendation has been implemented. The Department rolled out an environmental performance and risk management system which collects data, through the mission-wide environmental action plan, for each financial year on a number of indicators, including energy metering and renewable energy. In the environmental action plans, missions submitted proposals of their planned activities in relation to their environmental performance, which included the installation of energy meters.	The recommendation has been implemented.	X	
Medical services					
63. The Board recommends that the Administration see to it that missions dispose of expired medication as well as ensure that they always have an adequate stock of vaccines readily available.	para. 454	The Department of Field Support stated that the recommendation has been implemented. A facsimile was sent to all missions stating that they should comply with the existing guidelines on the management of medical consumables in the field and the need to keep an adequate stock of vaccines for easy access for vaccination exercises. In addition, the UNSOS Medical Section has an adequate stock of vaccines and has developed a standard operating procedure for the management of medical supplies which includes guidance on the disposal of expired medicines/drugs. Incinerators were provided to AMISOM contingents and training was provided on their usage.	The recommendation has been implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
64. The Board strongly recommends that the Administration require UNISFA to build a casualty evacuation/medical evacuation capability that will be able to manage emergencies between 5 p.m. and 6 a.m.	para. 459	<p>The Department of Field Support stated that the recommendation is in the process of being implemented. The matter is currently in the process of deliberation and is under review at the level of mission senior management. It should also be noted that night flights are limited by the fact that the neighbouring airports (Wau, Kadugli and Juba) do not operate after 6 p.m. and, owing to the lack of clearance to operate the Athony airstrip, the mission is unable to engage fixed-wing aircraft to fly to the nearest airports that operate at night, which includes Entebbe and Khartoum.</p> <p>Ultimately, night flying will involve the Procurement Division at Headquarters, which will need to include special clauses to ensure that the aircraft provided to the mission have special night equipment installed in the aircraft as a mandatory requirement.</p>	The recommendation remains under implementation.	X	
Liquidation of the United Nations Operation in Côte d'Ivoire					
65. The Board recommends that the Administration, future liquidating missions, missions receiving staff from the liquidating mission and, when necessary, the Regional Service Centre in Entebbe seek to agree in advance on a list of key staff members required for the transfer of knowledge and a timeline for their departure from the liquidating mission.	para. 463	<p>The Department of Field Support stated that the Field Personnel Division has established dedicated teams in the areas of human resources and assets management that provide surge capacity to support the management of start-up, surge and liquidation of entities. Those mechanisms provide the required expertise and</p>	The recommendation has been implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		additional personnel needed during the critical stages of a mission's lifecycle. In the case of UNMIL liquidation, the Department organized several meetings with the mission to discuss capacity and critical posts for the final stage of the liquidation. In addition, the Department intervenes on an ad hoc basis with missions that have selected staff from releasing (liquidating) missions to ask for flexibility with regard to reporting to the new mission to allow for either the completion of liquidation activities or the transfer of knowledge.			
66.	The Board recommends that the Administration consider keeping staff members available until after the liquidation date to finalize outstanding tasks.	para. 464	The Department of Management stated that the administrative instruction on downsizing is currently under review by the Office of Legal Affairs. The plan is for the administrative instruction to be promulgated by the end of 2018.	The recommendation remains under implementation.	X
67.	The Board recommends that the Administration have the Regional Service Centre in Entebbe assist at an earlier stage of future liquidations.	para. 467	The Department of Field Support stated that the recommendation has been implemented. RSCE was successfully involved in deliberations with UNMIL during its pre-liquidation phase in 2017, ensuring seamless support transition during the liquidation months in 2018. RSCE engaged with the mission management from January to May 2018 and deployed a team to the mission for a five-week period to facilitate the handover process.	The recommendation has been implemented.	X

<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Status after verification</i>		
			<i>Board's assessment</i>	<i>Under Implemented implementation</i>	<i>Not Overtaken implemented by events</i>
68. The Board recommends that the Administration ensure that pre-liquidations start at least nine months before physical closure.	para. 473	The Department of Field Support stated that the implementation of the recommendation is in progress. The requirement to start pre-liquidation activities nine months earlier will be incorporated as advice in the guide to mission closure, which is under development. The Department further stated that the target date for the implementation of the recommendation is the first quarter of 2019.	The recommendation remains under implementation.	X	
69. The Board recommends that closing and downsizing missions hand over sites with the smallest environmental footprint possible by following the best practice.	para. 479	Environmental issues were considered during the liquidation exercises of UNOCI and UNMIL. The lessons learned from the liquidation of UNOCI were applied during the closure of UNMIL, ensuring that environmental issues were duly addressed.	The recommendation has been implemented.	X	
70. The Board recommends that the Administration include the "Guidelines for Environmental Clearance and Handover of Mission Sites of Liquidation" in the revised Liquidation Manual to ensure that missions employ a standardized handover certificate when liquidating or downsizing.	para. 489	The Department of Field Support stated that the recommendation is under implementation. The Department stated that the drafting of a mission closure guide was completed, and the document was endorsed by senior management during an expanded senior management team meeting held on 27 November 2018. The guide is being formatted and prepared for publication in January 2019. In order to capture the benefits of the new guide, the Department has already familiarized	The recommendation remains under implementation.	X	

			Status after verification		
Summary of recommendations	Reference	Management response in brief	Board's assessment	<div>Under Implemented implementation</div> <div>Not Overtaken implemented by events</div>	
		UNAMID with the contents of the guide and has extensively briefed the Mission on the approach, processes and lessons learned relating to the drawdown and closure of missions.			
Mission-specific findings					
71.	The Board recommends that the Administration, together with MINUSCA, analyse the use of prefabricated buildings to avoid the accommodation of contingents in tents.	para. 497	The Department of Field Support stated that the recommendation is under implementation. As at 30 November 2018, MINUSCA completed 130 hard-walled buildings, out of an initially projected 226 units. The remaining 96 hard-walled buildings are in various stages of completion; more than 50 per cent of those are at an advanced stage. Likewise, of the 38 prefabricated buildings planned for construction, 27 had been completed and occupied.	The recommendation remains under implementation	X
72.	The Board recommends that the Administration liaise with UNISFA and ask the Government of the Sudan to permit usage of the Athony airfield.	para. 500	The Department of Field Support stated that implementation of the recommendation is in progress. The Under-Secretary-General for Field Support visited Khartoum on 21 and 22 July 2018, and the question on the use of the Athony airfield was discussed. It was stated that, should the Sudan permit UNISFA to use the airstrip, many operational concerns would be addressed, including more effective and efficient troop rotations and the ability to deploy fixed-wing aircraft for civilian staff, including for	The recommendation remains under implementation.	X

Summary of recommendations	Reference	Management response in brief	Status after verification		
			Board's assessment	Under Implemented implementation	Not Overtaken implemented by events
		medical evacuations. The Khartoum authorities were noncommittal regarding the suggestion.			
73. The Board recommends that the Administration act at a global level to prevent further acts of fraud as a result of manipulating Umoja leave time data.	para. 510	The Department of Management stated that, following workshops on Umoja with the Department of Field Support, the Office for the Coordination of Humanitarian Affairs, the United Nations Office on Drugs and Crime and the Office of Programme Planning, Budget and Accounts, the requirements for an improved danger pay solution were documented and an Umoja change request by the Office of Human Resources Management was submitted and approved. The new solution will require staff members who are eligible to receive danger pay to first confirm their presence inside or outside the duty station before danger pay can be paid. In addition, for specific cases, the submission of danger pay requests will require approval prior to payment. The development of the new danger pay solution is under way with deployment currently planned for the third quarter of 2019.	The recommendation remains under implementation.	X	
74. The Board recommends that the Administration ensure that UNDOF develop an internal control system to resolve the food- and health-related issues of contingents within a specified time limit.	para. 513	The Department of Field Support stated that the recommendation has been implemented. The Mission stated that, while it was the responsibility of contingents to handle food- and health-related issues, it was often challenging	The recommendation has been implemented.	X	

Summary of recommendations	Reference	Management response in brief	Status after verification			
			Board's assessment	Implemented	Under implementation	Not Overtaken by events
		to resolve them, as there were different standards among contingents and a lack of procedures to address their non-compliance with United Nations food management and physical fitness standards. To solve the problem, UNDOF issued an information circular on 3 November 2017 to all contingent units instructing the units to monitor food expiration dates and destroy expired items.				
75.	The Board recommends that the Administration further support UNAMID in realigning its structures in accordance with the adjusted mission concept and mission plan in order to promote coordination and enhance efficiency.	para. 522	The Department of Field Support stated that the recommendation has been implemented. Following the strategic review of UNAMID from 5 to 17 March 2017 and the civilian staffing review completed on 19 October 2017, the Civil Affairs Section and the Community Stabilization Section were merged to create the Governance and Community Stabilization Section.	The recommendation has been implemented.	X	
Subtotal, 75 recommendations (percentage)				39 (52)	35 (47)	1 (1) 0 (0)
Total, 110 recommendations (percentage)				56 (51)	49 (44)	2 (2) 3 (3)

Annex III

A. Variations between revised appropriation and expenditure per mission in financial year 2017/18

(Thousands of United States dollars)

	MINUSTH	MINURSO	MINUSCA	MINUSMA	MINUSTAH	MONUSCO	UNAMID	UNDOF	UNFICYP	UNIFIL	UNISFA	UNMIK	UNMIL	UNMISS	UNSO	Total missions	Support account	UNLB	RSCE
Military and police personnel	299	—	5 578	2 135	—	13	4	1 194	22	5	73	112	15	23 362	2 659	35 471	—	—	—
Civilian personnel	—	—	—	74	—	—	—	—	—	9	23	450	38	2 472	8	3 074	—	—	2
Operational requirements	1	575	17 561	2 456	1	519	2 673	155	—	453	579	690	332	1	7 835	33 921	19	804	156
Civilian electoral observers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	—	—	—
Consultants	—	—	—	15	—	—	—	—	—	—	87	41	—	—	210	353	—	5	—
Official travel	—	2	—	—	—	—	—	—	—	9	65	—	—	1	—	77	—	1	36
Facilities and infrastructure	—	32	118	44	—	—	—	138	—	18	182	23	269	—	—	824	7	73	35
Ground transportation	—	—	—	—	1	—	—	—	—	2	—	47	4	—	409	463	—	2	38
Air transportation	—	371	8 174	2 271	—	—	504	—	—	—	35	—	46	—	2 745	14 146	—	—	—
Naval transportation	—	—	28	1	—	—	—	—	—	141	—	—	—	—	—	170	—	—	—
Communications	—	112	—	—	—	12	661	—	—	1	—	403	10	—	2 822	4 021	—	76	38
Information technology	—	9	6 295	—	—	—	—	9	—	19	59	92	1	—	—	6 484	11	499	—
Medical	—	49	299	98	—	—	30	1	—	1	5	16	2	—	1 631	2 132	—	21	4
Special equipment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	—	—	—
Other supplies, services and equipment	1	—	2 629	99	—	507	1 478	7	—	262	126	68	—	—	18	5 195	1	127	5
Quick-impact projects	—	—	18	98	—	—	—	—	—	—	20	—	—	—	—	56	—	—	—
Voluntary contributions in kind (budgeted)	—	147	—	—	—	—	—	—	214	—	—	—	—	—	—	361	—	—	—
Total	300	722	23 139	4 755	1	532	2 677	1 349	236	467	675	1 252	385	25 835	10 502	73 808^a	19	804	158

Source: Financial statements of peacekeeping operations.

^a Including the support account, UNLB and RSCE.

B. Redeployments per mission in financial year 2017/18

(Thousands of United States dollars)

	MINUJUSTH	MINURSO	MINUSCA	MINUSMA	MINUSTAH	MONUSCO	UNAMID	UNDOF	UNFICYP	UNIFIL	UNISFA	UNMIK	UNMIL	UNMISS	UNSOS	Total missions	Support account	UNLB	RSCE
Military and police personnel	(73)	1 185	–	–	(5 571)	(1 379)	535	(244)	(448)	184	5 003	–	(1 952)	(4 406)	(3 155)	(10 321)	–	–	–
Civilian personnel	2 441	792	39 612	15 234	6 982	18 456	2 324	244	1 912	248	7,182	–	7 238	1	14 436	117 102	840	3 928	740
Operational requirements	(2 368)	(1 977)	(39 612)	(15 234)	(1 411)	(17 077)	(2 859)	0	(1 464)	(432)	(12 185)	–	(5 286)	4 405	(11 281)	(106 781)	–	–	–
Civilian electoral observers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Consultants	(9)	(13)	22	(516)	(164)	434	(193)	25	(2)	(19)	342	–	(20)	(375)	(216)	(704)	(965)	349	(135)
Official travel	10	122	13	1 097	794	803	235	(141)	(31)	(127)	168	79	445	(159)	110	3 418	(298)	(21)	(38)
Facilities and infrastructure	(356)	(43)	2 061	7 591	(1 831)	(4 260)	4 413	(12)	(878)	2 598	(5 690)	–	(2 660)	9 108	2 028	12 069	130	(430)	(540)
Ground transportation	150	32	223	6 295	(164)	(3 003)	874	(449)	189	636	982	–	132	(836)	(2 619)	2 442	25	(310)	18
Air transportation	(2 409)	(2 164)	(23 317)	(44 875)	(168)	(12 398)	(2 297)	–	(153)	(1 282)	(4 686)	–	(1 855)	(11 188)	(9 059)	(115 851)	31	–	–
Naval transportation	9	20	–	1 064	2	721	471	199	23	(2 209)	(610)	–	–	2 300	1 622	3 612	–	–	–
Communications	(802)	(214)	787	(17 595)	(664)	1 196	(832)	(125)	(115)	(1 384)	307	–	(734)	(1 174)	(242)	(21 591)	(33)	(2 371)	(473)
Information technology	326	–	(112)	31 695	50	(1 530)	(393)	(294)	72	1 568	808	(79)	500	4 962	2 447	40 020	(181)	(1 456)	529
Medical	125	(41)	(3 150)	(102)	609	406	(170)	106	(270)	(87)	(109)	–	(162)	(349)	(7 082)	(10 276)	(18)	(13)	(89)
Special equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other supplies services and equipment	916	324	(16 139)	112	125	1 065	(4 967)	691	(299)	(126)	(3 697)	–	(732)	2 116	1 730	(18 881)	469	324	(12)
Quick-impact projects	(328)	–	–	–	–	(511)	–	–	–	–	–	–	(200)	–	–	(1 039)	–	–	–
Total between groups	2 441	1 977	39 612	15 234	6 982	18 456	2 859	244	1 912	432	12 185	0	7 238	4 406	14 436	133 922^a	840	3 928	740
Total between groups and within operational requirements	3 977	2 475	42 718	63 088	8 562	23 081	8 852	1 265	2 196	5 234	14 792	79	8 315	18 487	22 373	232 877^a	1 495	4 601	1 287

Source: Financial statements of peacekeeping operations.

^a Including the support account, UNLB and RSCE.

Annex IV

Summary of reports in peacekeeping missions on cases of fraud and presumptive fraud for the period from 1 July 2017 to 30 June 2018

<i>Mission</i>	<i>Amount involved (United States dollars)</i>	<i>Comments by the Administration</i>	<i>Action taken</i>
MINURSO	66 497	Education grant	Investigation report issued which recommends taking appropriate action, recovering payments and referring the case to national authorities.
MINUSCA	Unknown	Misrepresentation	No further action has been taken.
MINUSCA	Unknown	Theft	Case referred to the Department of Field Support.
MINUSCA	118 000	59 laptops disappeared from a warehouse at Mpoko between February and March 2015.	Investigation conducted on allegations of theft. The subject(s) could not be identified. A board of inquiry was conducted and completed. The camp was relocated and internal controls improved.
MINUSCA	6 116	Falsification of attendance by the commanding officer of two formed police unit members who departed on home leave and never returned. The commanding officer received bonuses and allowances for the two members.	Three formed police unit members including the commanding officer were banned from future peacekeeping operations. The Department of Field Support is discussing with the police-contributing country the modality for recovering the amount involved. The Police Commissioner has reminded commanders of their obligation to exert efficient and effective command and control.
MINUSCA	118	Theft of fuel	The subject is no longer a contractor with MINUSCA. He will not be recruited again. Management is implementing an electronic fuel management system. Monitoring of its effectiveness is ongoing.
MINUSCA	92 309	Series of fuel thefts from January to June 2016 involving several contractors and several United Nations vehicles	MINUSCA is engaging the national authorities on possible criminal accountabilities, though the implicated contractors no longer work for MINUSCA. Management is implementing an electronic fuel management system. Monitoring of its effectiveness is ongoing.
MINUSCA	100	Staff member submitted falsified information concerning receipt and deposit of welfare funds for gym subscription.	Case referred to the Office of Human Resources Management for disciplinary action.
MINUSCA	9 090	Payments of 5,000,000 CFA francs out of 38,546,160 CFA francs for a quick-impact project went to United Nations staff who claimed to be able to influence decisions on the granting of contracts.	Investigation is ongoing and the subject has been suspended from duty.
MINUSCA	450	Collusion regarding theft and sale of United Nations rations by members of contingents	Member States' investigation is pending and will inform of actions taken against implicated personnel.

<i>Mission</i>	<i>Amount involved (United States dollars)</i>	<i>Comments by the Administration</i>	<i>Action taken</i>
MINUSCA	Unknown	Misrepresentation of position to bidders of contracts on quick-impact projects that implied personnel were influencing issuing of grants; personnel demanded kickbacks from implementing partners.	Investigation is ongoing. The alleged subject is currently on special leave with pay pending completion of investigation or disciplinary process.
MINUSCA	Unknown	Individual contractors sold items stolen from engineering section	Investigation is ongoing.
MINUSCA	2 000	Loss/theft of five TETRA radios	Investigation conducted. No evidence found to support theft by the subject, but evidence found that the subject knew that a person not from the United Nations was in possession of a United Nations radio, communicated with that person on the radio and failed to report that situation. The matter is pending administrative sanction.
MINUSMA	16 192	Entitlement fraud	Investigation report issued which recommends taking appropriate action, recovering payments and referring the case to national authorities.
MINUSMA	13 500	Theft	Advisory issued.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Investigation report issued which recommends appropriate action.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Theft	Case is under investigation.
MINUSMA	Unknown	Recruitment irregularity	Case referred to the Department of Field Support.
MINUSTAH	339 530	Waste of United Nations resources	Case is under investigation.

<i>Mission</i>	<i>Amount involved (United States dollars)</i>	<i>Comments by the Administration</i>	<i>Action taken</i>
MONUSCO	318	Theft of spare parts	Case substantiated. Subject has been separated as a disciplinary measure.
MONUSCO	Unknown	Theft of spare parts	Investigation complete. The matter was referred to the Office of Human Resources Management of the Department of Management for disciplinary action. Contract was terminated.
MONUSCO	Unknown	Theft of bottled water	Investigation by Special Investigation Unit is ongoing.
MONUSCO	9 000 000	Procurement irregularity	Case is under investigation.
MONUSCO	Unknown	Attendance	Case is under investigation.
MONUSCO	Unknown	Entitlement fraud	Case is under investigation.
MONUSCO	495 491	Procurement irregularity	Case is under investigation.
MONUSCO	Unknown	Theft	Case is under investigation.
MONUSCO	Unknown	Insurance fraud	Case is under investigation.
MONUSCO	20 000	Entitlement fraud	Case is under investigation.
MONUSCO	849	Insurance fraud	Case is under investigation.
MONUSCO	7 000	Travel fraud	Case is under investigation.
MONUSCO	Unknown	Conflict of interest	Case referred to the Department of Field Support.
MONUSCO	Unknown	Forgery	Pending assessment
MONUSCO	Unknown	Forgery	Case referred to the Department of Field Support.
MONUSCO	Unknown	Misrepresentation	Case is under investigation.
MONUSCO	Unknown	Misrepresentation	Case referred to the Department of Management.
MONUSCO	Unknown	Theft of bottled water	Investigation of Special Investigation Unit is ongoing.
MONUSCO	Unknown	Recruitment fraud	Contract of staff was not renewed.
MONUSCO	Unknown	Unauthorized use of individual contractors for private work	Allegation substantiated and subjects awarded appropriate disciplinary action.
MONUSCO	Unknown	Theft of food	Case was referred to OIOS.
MONUSCO	Unknown	Falsification of personal history profile/ misrepresentation	Case referred to the Office of Human Resources Management for disciplinary action.
MONUSCO	7 000	Fraudulent claim of daily subsistence allowance	Investigation of Special Investigation Unit is ongoing.
MONUSCO	Unknown	Falsification of personal history profile/ misrepresentation	Investigation of OIOS is ongoing.
MONUSCO	1 465	Theft of fuel	Case referred to the Office of Human Resources Management for disciplinary action.

<i>Mission</i>	<i>Amount involved (United States dollars)</i>	<i>Comments by the Administration</i>	<i>Action taken</i>
MONUSCO	Unknown	Preparation of fraudulent letter of introduction to secure a bank loan	Investigation completed by OIOS and report under review for further action.
MONUSCO	Unknown	Fake movement of personnel for non-MONUSCO staff	Case unsubstantiated. Matter closed.
MONUSCO	Unknown	Fraud, conflict of interest	Investigation conducted and under review for further actions.
MONUSCO	Unknown	Possible recruitment irregularities	Case is under investigation.
MONUSCO	Unknown	Possible recruitment irregularities	Case unsubstantiated. Matter closed.
MONUSCO	Unknown	Fraudulent non-compliance with staff rules	Beyond the scope of Special Investigation Unit responsibilities.
MONUSCO	Unknown	Possible academic misrepresentation	Allegation substantiated. Subject was dismissed as a disciplinary measure.
MONUSCO	Unknown	Extortion related to recruitment	Case investigated but the perpetrator could not be identified. Matter was subsequently referred to local police.
MONUSCO	Unknown	MONUSCO staff accepting employment at UNDP while still being employed by MONUSCO.	Allegation unsubstantiated.
MONUSCO	Unknown	Extortion related to recruitment	Investigation conducted and allegation was unsubstantiated.
MONUSCO	Unknown	Misrepresentation of personal history profile	Investigation completed and staff provided appropriate response.
MONUSCO	Unknown	Misrepresentation of personal history profile	Investigation conducted and under review for further actions.
MONUSCO	Unknown	Possible recruitment irregularities	Allegation substantiated. Matter referred to the Office of Human Resources Management for disciplinary action.
MONUSCO	Unknown	Examination malpractice; non-compliance with staff rules	Allegation unsubstantiated. Matter closed.
RSCE	188 000	Fraudulent bank transfer	Case is under investigation.
RSCE	Unknown	Entitlement fraud	Case is under investigation.
RSCE	Unknown	Fraudulent practices	Case is under investigation.
UNAMID	Unknown	Procurement irregularity	Case is under investigation.
UNAMID	Unknown	Recruitment irregularity	Case referred to the Department of Field Support.
UNAMID	Unknown	Recruitment irregularity	Case referred to the Department of Field Support.
UNAMID	Unknown	Staff members' Umoja password was stolen. The database profile was accessed without authorization to create "shopping carts" to recruit and extend contracts for individual contractors. It was also reported that 187 overpayments had been made to individual contractors.	Investigation of Special Investigation Unit is ongoing.

<i>Mission</i>	<i>Amount involved (United States dollars)</i>	<i>Comments by the Administration</i>	<i>Action taken</i>
UNAMID	Unknown	The staff has intentionally been submitting inaccurate time and attendance reflecting that the staff was present in the mission while staff was away from the duty station as reflected in the approved movement of personnel forms. The staff failed to record in Umoja a total absence of about 54 days during this period.	Case under review. The review carried out so far suggests that the unrecorded days for which staff received full pay totalled 22 in addition to a total of about 65 days for which the staff also received danger pay.
UNAMID	Unknown	The staff has intentionally been submitting inaccurate time and attendance. The alleged has been absent from duty on several occasions but failed to record such absences in the Umoja time and attendance records.	Investigation of Special Investigation Unit is ongoing.
UNDOF	Unknown	Theft	Case is under investigation.
UNFICYP	780 000	Billing irregularities	Pending assessment
UNFICYP	Unknown	Billing irregularities	Case is under investigation.
UNFICYP	Unknown	Misuse/mishandling of United Nations property	Case is under investigation.
United Nations Headquarters/ Department of Peacekeeping Operations	Unknown	Recruitment irregularity	Case referred to the Department of Peacekeeping Operations.
UNIFIL	Unknown	Theft	Case is under investigation.
UNIFIL	Unknown	Misuse/mishandling of United Nations property	Pending assessment
UNISFA	Unknown	Entitlement fraud	Case is under investigation.
UNISFA	Unknown	Misuse of staff, theft	Case is under investigation.
UNLB	Unknown	Travel irregularities	Case is under investigation.
UNLB	Unknown	Nepotism/favouritism	Case referred to the Department of Field Support.
UNMIK	Unknown	Attendance, conflict of interest	Case is under investigation.
UNMIL	5 586	Entitlements, travel	Case is under investigation.
UNMIL	Unknown	False certification, declaration	No further action.
UNMIL	1 589	Forgery	Case referred to the Department of Field Support.
UNMIL	Unknown	Theft	Pending assessment
UNMIL	Unknown	Theft	Case referred to the Department of Field Support.
UNMIL	Unknown	Theft	Pending assessment
UNMIL	Unknown	Theft	Case referred to the Department of Field Support.
UNMISS	Unknown	Entitlement fraud	Case is under investigation.
UNMISS	Unknown	Entitlements	Case is under investigation.

<i>Mission</i>	<i>Amount involved (United States dollars)</i>	<i>Comments by the Administration</i>	<i>Action taken</i>
UNMISS	85 449	Education grant	Case is under investigation.
UNMISS	Unknown	Leave entitlements	Case is under investigation.
UNMISS	Unknown	Attendance	Case is under investigation.
UNMISS	Unknown	Travel fraud	Case is under investigation.
UNMISS	5 000 000	Theft	Case is under investigation.
UNMISS	Unknown	False certification, declaration	Case referred to the Department of Field Support.
UNMISS	Unknown	False certification, declaration	Case is under investigation.
UNMISS	Unknown	Entitlement fraud	Pending assessment
UNMISS	Unknown	Entitlement fraud	Case referred to the Department of Field Support.
UNMISS	4 536	Misuse/mishandling of United Nations property	Case referred to the Department of Field Support.
UNSOS	Unknown	Theft	Case is under investigation.
UNSOS	Unknown	Recruitment irregularity	Case referred to the Department of Field Support.
Total	16 261 185	Estimated amount involved as at 16 January 2019	

Source: Data provided by the Administration (Department of Management and Office of Internal Oversight Services).

Chapter III

Certification of the financial statements

Letter dated 26 September 2018 from the Acting Controller addressed to the Chair of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2017 to 30 June 2018 have been prepared in accordance with financial rule 106.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations 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 peacekeeping operations, numbered I to V, are correct in all material respects.

(Signed) Chandramouli **Ramanathan**
Acting Controller

Chapter IV

Financial report on the United Nations peacekeeping operations for the period from 1 July 2017 to 30 June 2018

A. Introduction

1. The Secretary-General has the honour to submit the financial report on the operations of United Nations peacekeeping for the period from 1 July 2017 to 30 June 2018.
2. The accounts of the United Nations peacekeeping operations are presented in five financial statements and notes that provide a summary of significant accounting policies as well as explanations of the amounts presented in the financial statements.
3. The present financial report is designed to be read in conjunction with the financial statements. It presents an overview of the consolidated position and performance of the peacekeeping operations, highlighting trends and significant movements.

B. Overview of the financial statements for the period from 1 July 2017 to 30 June 2018

4. The financial statements of the United Nations peacekeeping operations comprise five statements and notes to the financial statements. The statement of financial position, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts are accompanied by notes which explain the accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.
5. These statements present the financial results of the peacekeeping operations, comprising 14 active missions and 32 closed missions, and the financial position thereof as at 30 June 2018. The Security Council, in its resolution [2350 \(2017\)](#), mandated the closure of MINUSTAH by 15 October 2017 and the establishment of MINUJUSTH, a smaller follow-on peacekeeping mission. Additionally, the Council mandated the withdrawal of UNMIL from Liberia by 30 April 2018; UNMIL completed its operations during the year and this year was its last year as an active mission. UNOCI, which completed its operations in the prior year, was classified as a closed mission in the present reporting cycle. UNAMID continued to downsize, while MINUSCA maintained its expansion trend.
6. The Umoja supply chain functionality for all peacekeeping and special political missions went live on 5 September 2017, following the successful migration from Galileo of property, plant and equipment and inventory for peacekeeping and special political missions. The asset accounting systems across the Organization are now harmonized into a single IPSAS-compliant financial system, allowing for more effective monitoring. With the migration from Galileo to Umoja, the opening balance of inventory increased by \$20.9 million (6 per cent increase) as the inventory balance of consumables and supplies, which had been estimated based on certain conditions and presumptions under the previous system, was reconstituted with actual data. The opening balance of fixed assets, on the other hand, showed little impact from the migration. The global visibility of detailed information in real time for financial, budgetary and operational purposes should lead to improved management and financial reporting of assets.

Net assets

7. Net assets of \$823.1 million as at 30 June 2018 consisted of an accumulated surplus of \$561.8 million, a restricted accumulated surplus of \$111.4 million and reserves of \$150.0 million and reflect the accumulated effect of the historical activity of the peacekeeping operations. Net assets increased in 2017/18 by \$34.1 million (4.3 per cent increase) from \$789.0 million. This increase was attributable to the net effect of a deficit in operations for the year of \$212.5 million, which decreased the net assets, and actuarial gains on employee benefits liabilities of \$250.6 million and prior-period adjustments of \$3.9 million, which offset the deficit.

Assets

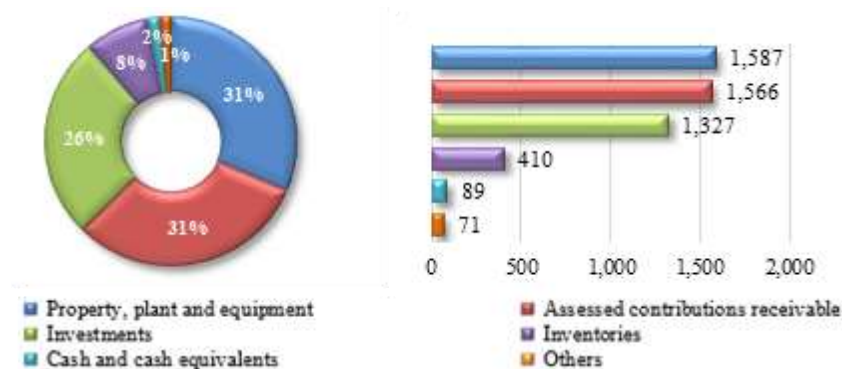
8. The total assets of the peacekeeping operations increased in 2017/18 by \$47.7 million (1.0 per cent increase) from \$5,002.1 million to \$5,049.9 million, with the most notable increase being the increase in assessed contributions receivable by \$640.3 million (69.2 per cent increase), in addition to an increase in inventories by \$56.3 million (15.9 per cent increase). These increases were partially offset by decreases in investments by \$433.7 million (24.6 per cent decrease) from \$1,760.2 million to \$1,326.5 million and cash and cash equivalents by \$192.1 million (68.4 per cent decrease) from \$280.9 million to \$88.8 million.

9. Figure IV.I presents the structure of the peacekeeping operations' assets totalling \$5,049.9 million as at 30 June 2018. The peacekeeping operations' assets are largely composed of property, plant and equipment of \$1,587.5 million (31.4 per cent), assessed contributions receivable of \$1,566.1 million (31.0 per cent) and investments of \$1,326.5 million (26.3 per cent).

Figure IV.I

Assets of the peacekeeping operations as at 30 June 2018

(Millions of United States dollars and percentage)



Property, plant and equipment

10. Property, plant and equipment accounted for \$1,587.5 million or 31.4 per cent of assets held at 30 June 2018. Figure IV.II presents the composition of the peacekeeping operations' property, plant and equipment by asset class and figure IV.III presents the information by mission.

11. The net carrying value of property, plant and equipment decreased slightly, by \$10.1 million (0.6 per cent decrease) in 2017/18, from \$1,597.6 million to \$1,587.5 million.

Figure IV.II
Property, plant and equipment
 (Millions of United States dollars and percentage)

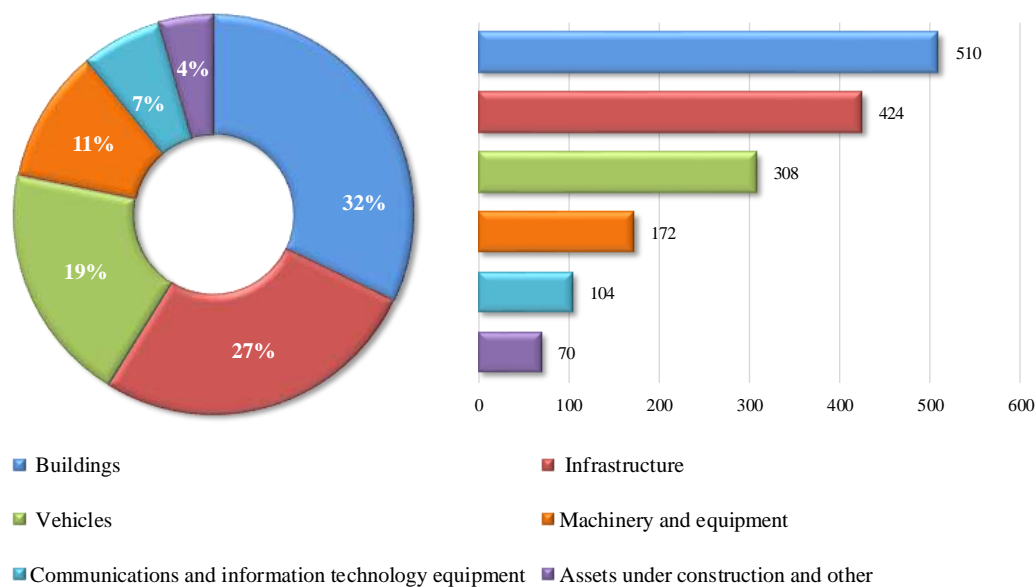
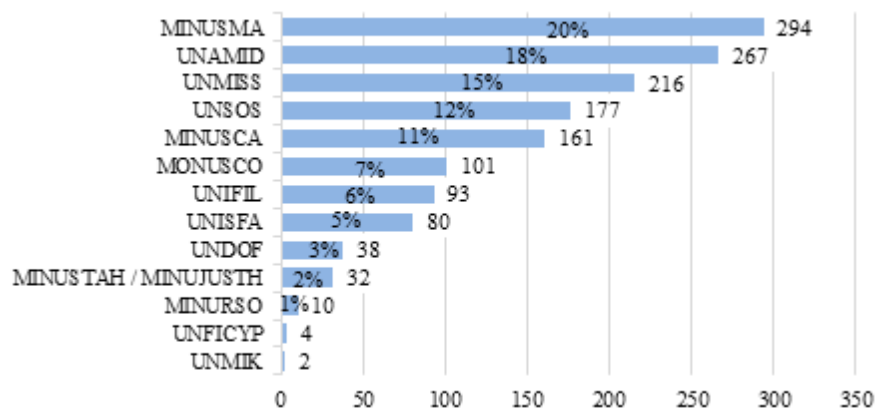


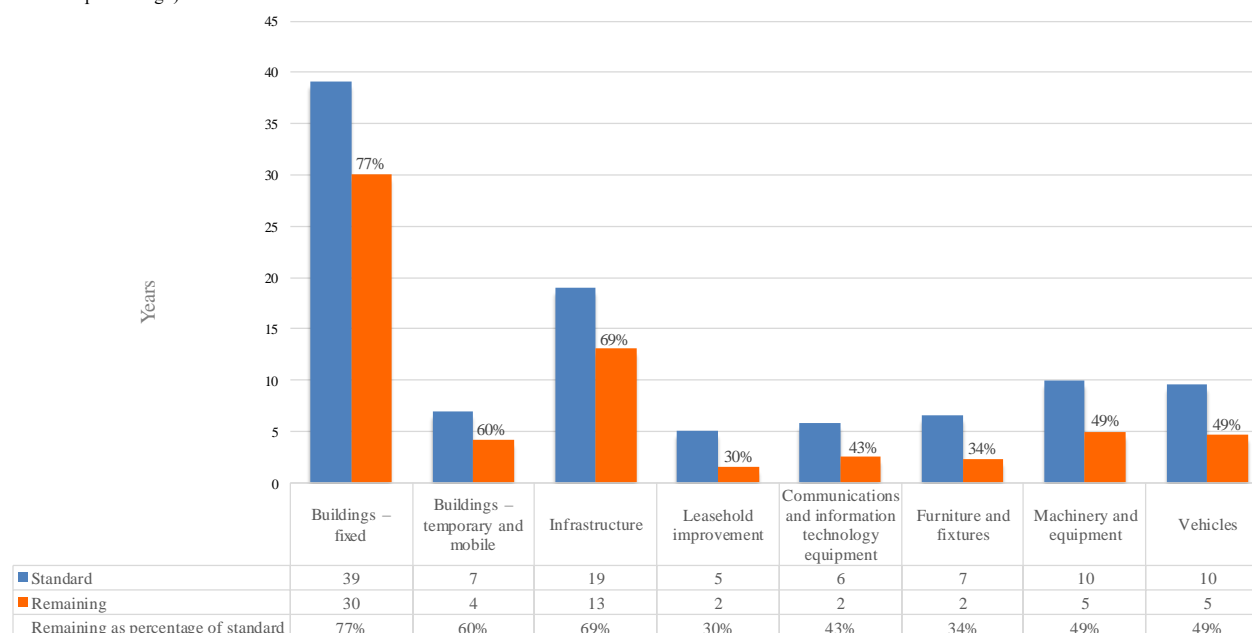
Figure IV.III
Property, plant and equipment by active mission
 (Millions of United States dollars and percentage)



12. The remaining years of useful life as a percentage of the standard useful life of asset classes are shown in figure IV.IV. Two classes of assets, namely leasehold improvements and furniture and fittings, had apparently shorter remaining lives, which indicates a material presence of long-lived assets.

Figure IV.IV
Average remaining useful life of property, plant and equipment

(Years and percentage)

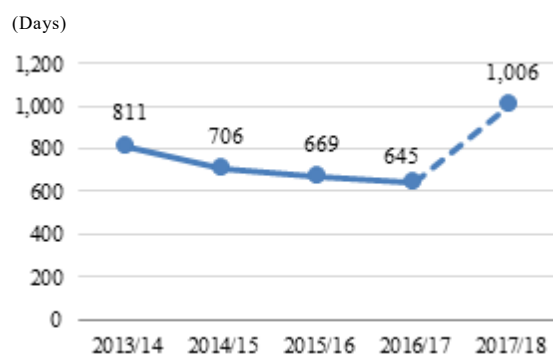


Inventory

13. A deterioration in inventory turnover was observed in 2017/18. The opening balance of inventory was adjusted upward by the change of inventory management systems and the valuation methodology for inventory of consumables and supplies (see para. 6 above). The increase in inventory holdings and reduced consumption during the year resulted in a higher level of inventory held at the end of the fiscal year. The average number of days that inventory is held before consumption, which had been declining in past years, increased from 645 days in 2016/17 to 1,006 days in 2017/18 (see figure IV.V).¹ During the post-Galileo stabilization period, a large proportion of generic material master records were blocked to allow for new material masters to be created, hindering the issuance of materials. Furthermore, determination of the level of detail required for new material master records caused the purchase of materials to be pushed towards the latter part of the fiscal year, also hindering issuance of materials. Those essential activities unfortunately led to slow consumption and a deterioration in inventory turnover. With the implementation of a comprehensive materials management and supply chain solution in Umoja, all inventory will be closely managed so as to significantly reduce slow movement of stock in the coming years. Key performance indicators are being expanded and more financial dashboards are being developed to enable property managers and finance personnel to improve their monitoring. The visibility of inventory in Umoja should lead to improved management and financial reporting of inventory.

¹ An increase in the criterion “days inventory held” was also observed for the operations of the United Nations as reported in volume I following the migration from Galileo of the inventory of the special political missions.

Figure IV.V
Days inventory outstanding



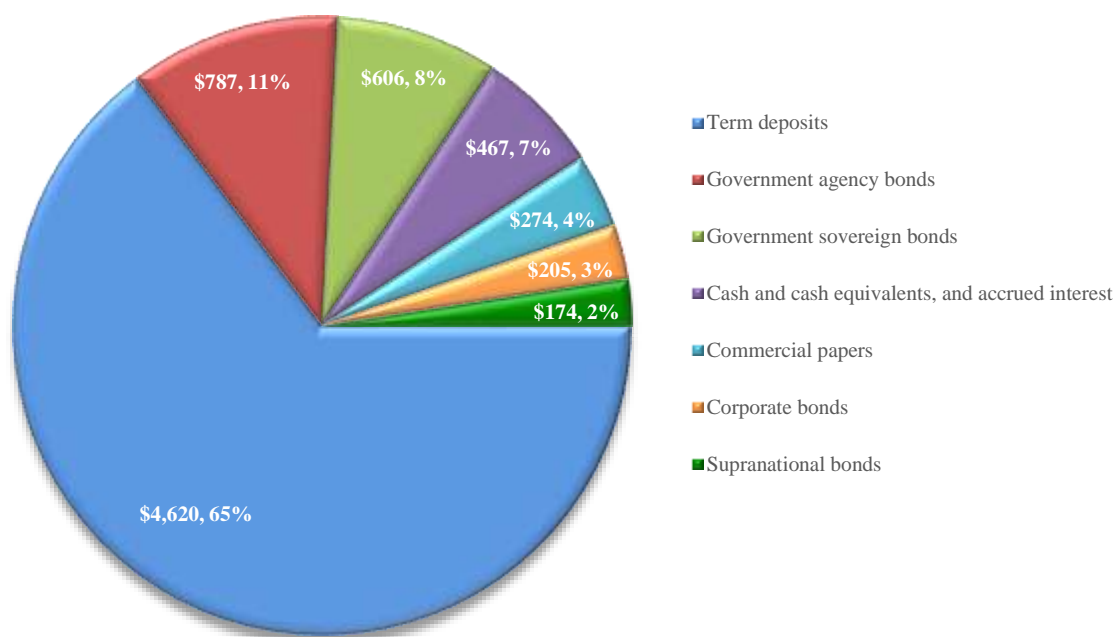
Cash, cash equivalents and investments

14. As at 30 June 2018, peacekeeping operations held cash and cash equivalents and investments of \$1,415.3 million, which was \$625.7 million less than the ending balance of 2016/17 (30.7 per cent decrease). This decrease in cash assets corresponds to the comparable increase of \$640.3 million in assessed contributions receivable.

15. The cash pools consisted of investments in liquid bonds (issued by Governments and government agencies), commercial papers and term deposits (see figure IV.VI). The investments were presented at fair value with the relevant gains/losses recorded in the statement of financial performance. In 2017/18, the peacekeeping operations' share of earnings was \$37.5 million (2016/17: \$29.1 million).

Figure IV.VI
Main cash pool investments by instrument type

(Millions of United States dollars and percentage)



Total main cash pool assets: \$7,132.5 million

16. The exposure of the peacekeeping operations to credit risks, liquidity risks and market risks with respect to investment portfolios is considered to be low. The risk analysis of the investment portfolios is presented in note 22 to the financial statements.

Status of assessed contributions receivable

17. Assessed contributions receivable increased by \$640.3 million (69.2 per cent increase), from \$925.8 million at 30 June 2017 to \$1,566.1 million at 30 June 2018. Assessments issued for the second half of 2017/18 were higher than those issued for the same period of 2016/17. This increase, coupled with the payment patterns of some Member States with regard to peacekeeping assessments, resulted in higher outstanding receivables at the end of 2017/18 than at the end of 2016/17. Table IV.I illustrates the status of unpaid assessments and figure IV.VII shows the trend in unpaid assessments.

Table IV.I

Assessed contributions receivable

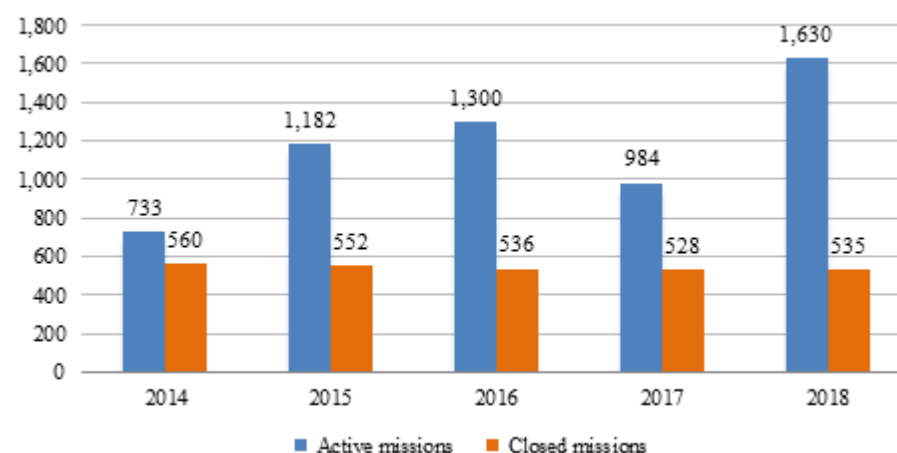
(Millions of United States dollars and percentage)

	30 June 2018	30 June 2017	Percentage increase (decrease)
Active missions			
Assessed contributions receivable	1 629.7	983.6	65.7
Allowance for doubtful receivables	(65.6)	(57.8)	13.5
Closed missions			
Assessed contributions receivable	534.7	528.4	1.2
Allowance for doubtful receivables	(532.7)	(528.4)	0.8
Total	1 566.1	925.8	69.2

Figure IV.VII

Trend in assessed contributions receivable, before allowance for doubtful accounts

(Millions of United States dollars, at 30 June each year)



Liabilities

18. The total liabilities of the peacekeeping operations recorded a minor increase of \$13.6 million (0.3 per cent increase) from \$4,213.1 million to \$4,226.7 million. In

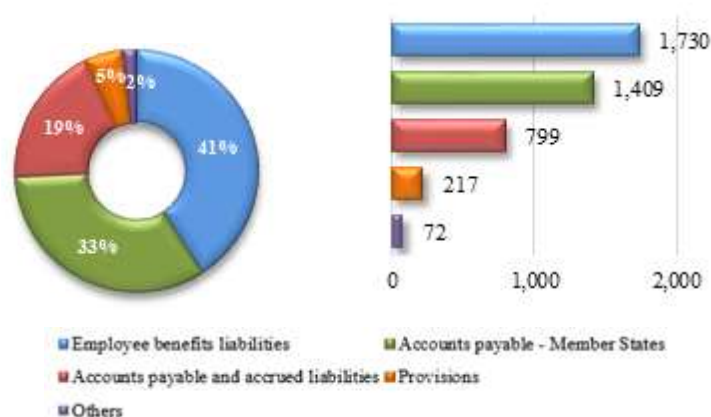
more detail, the most notable yearly changes were an increase in payables to Member States by \$223.2 million (18.8 per cent increase) from \$1,186.3 million to \$1,409.5 million, and a decrease in employee benefits liabilities by \$109.0 million (5.9 per cent decrease) from \$1,839.2 million to \$1,730.2 million.

19. Figure IV.VIII presents the structure of the peacekeeping operations' liabilities as at 30 June 2018. The peacekeeping operations' liabilities largely comprised employee benefits liabilities of \$1,730.2 million, accounts payable to Member States of \$1,409.5 million and other accounts payable and accrued liabilities of \$798.7 million.

Figure IV.VIII

Liabilities of the peacekeeping operations as at 30 June 2018

(Millions of United States dollars and percentage)



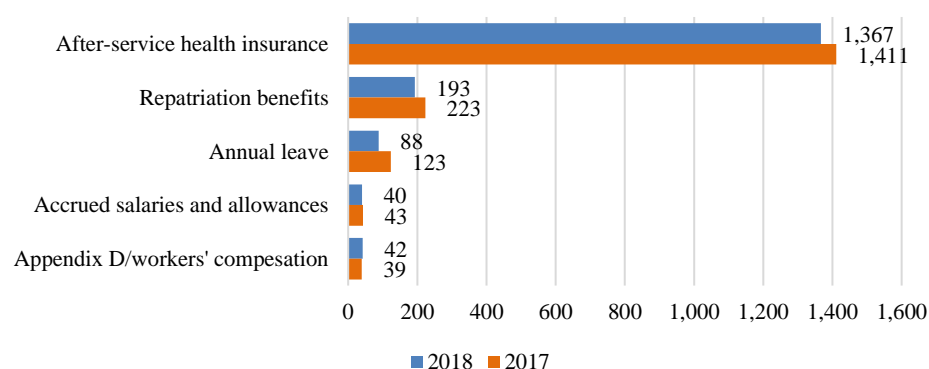
Employee benefits liabilities

20. Employee benefits liabilities, as depicted in figure IV.IX, consisted largely of liabilities related to after-service health insurance of \$1,367.2 million, repatriation benefits of \$193.3 million and annual leave benefits of \$87.5 million. Those liabilities were valued by independent actuaries.

Figure IV.IX

Employee benefits liabilities

(Millions of United States dollars)



21. Employee benefits liabilities for after-service health insurance, annual leave and repatriation benefits continue on the pay-as-you-go approach for the present time

pursuant to General Assembly resolution 70/248. The Organization continues to explore options to fund the liabilities, including a possible United Nations system-wide approach similar to the approach currently employed for retirement and disability benefits by the United Nations Joint Staff Pension Fund.

Accounts payable and accrued liabilities

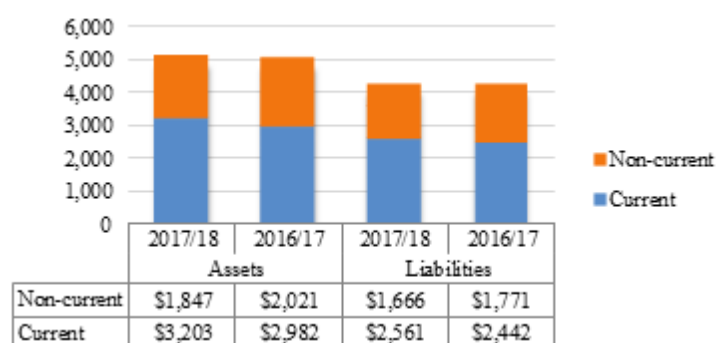
22. Accounts payable and accrued liabilities increased by \$231.7 million (11.7 per cent increase) from \$1,976.5 million to \$2,208.2 million. These liabilities consisted mainly of payables to Member States of \$1,409.5 million (2016/17: \$1,186.3 million), accruals for goods and services of \$579.7 million (2016/17: \$610.0 million) and vendor payables of \$191.6 million (2016/17: \$152.2 million).

23. Figure IV.X provides the structure of the peacekeeping operations accounts by current and non-current assets and liabilities as at 30 June 2018 and 30 June 2017, indicating little change in non-current assets and non-current liabilities.

Figure IV.X

Assets and liabilities: current and non-current

(Millions of United States dollars)



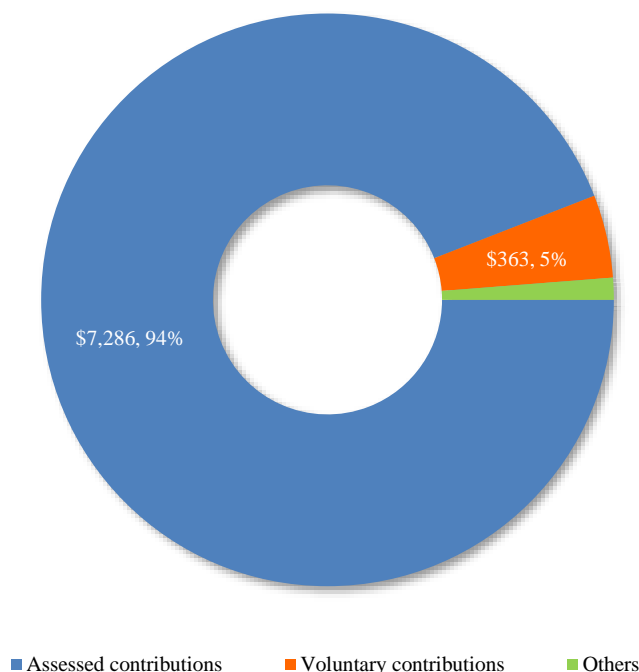
Financial performance

Revenue analysis

24. The total revenue of the peacekeeping operations for the period ending 30 June 2018 was \$7,744.3 million, compared with total expenses of \$7,956.8 million, resulting in a shortage of total revenue over total expenses of \$212.5 million. The net decrease in revenue by \$531.2 million was attributable mainly to a decrease in assessed contributions of \$567.8 million (7.2 per cent decrease). Figure IV.XI provides an analysis of revenue by nature.

Figure IV.XI
Revenue by nature

(Millions of United States dollars and percentage)



Assessed contributions

25. Assessed contributions of \$7,285.7 million accounted for 94.1 per cent of the total revenue for the peacekeeping operations during 2017/18. Assessed contributions are based on a scale of peacekeeping assessment approved by the General Assembly.

26. Assessed contributions decreased by \$567.8 million (7.2 per cent decrease) from an amount of \$7,853.5 million in 2016/17 as a result of the changes in mandates and the reconfiguration of missions. As noted in paragraph 5, the transition of MINUSTAH to a follow-on mission, MINUJUSTH (decrease of \$180.8 million), and the closure of UNMIL (decrease of \$80.3 million) contributed to the reduction in assessed contributions. MONUSCO and UNAMID continued to draw down (decrease of \$89.6 million and \$157.8 million, respectively). Against the overall decrease in assessed contributions, the expansion of operations continued in MINUSMA (increase of \$130.7 million) and UNDOF (increase of \$11.0 million). Table IV.II presents the status of assessments for active missions.

Table IV.II
Assessments

(Millions of United States dollars and percentage)

	2017/18	2016/17	Percentage increase (decrease)
UNFICYP	32.6	32.9	(0.8)
UNDOF	61.3	50.3	21.9
UNIFIL	513.5	515.1	(0.3)
MINURSO	55.6	55.4	0.4
UNMIK	40.3	38.5	4.8
MONUSCO	1 220.7	1 310.3	(6.8)
UNMIL	116.9	197.2	(40.7)
UNOCI	–	180.2	(100.0)
MINUSTAH	183.8	364.6	(49.6)
UNAMID	944.5	1 102.3	(14.3)
UNSOS	622.2	609.0	2.2
UNISFA	285.1	284.8	0.1
UNMISS	1 145.0	1 147.0	(0.2)
MINUSMA	1 120.4	989.7	13.2
MINUSCA	943.8	976.3	(3.3)
Total	7 285.7	7 853.5	(7.2)

Voluntary contributions

27. Voluntary contributions, as shown in table IV.III, increased by \$19.6 million (5.8 per cent increase), against the backdrop of downsizing in MONUSCO and UNAMID and closing of UNMIL. The net increase was attributable to the valuation of facilities.

Table IV.III
Voluntary contributions

(Millions of United States dollars and percentage)

	2017/18	2016/17	Percentage increase (decrease)
Monetary	24.8	25.0	(0.8)
Goods and rights-to-use			
Facilities	307.7	292.7	5.1
Landing rights	22.2	23.0	(2.6)
Others	7.6	2.2	245.5
Total	362.5	342.9	5.8

Investment and other revenue

28. The increase of \$8.5 million in investment revenue was attributable to the improved annualized rate of return in cash pool investment, from 1.04 per cent in 2016/17 to 1.55 per cent in 2017/18. The increase of \$8.6 million in other categories of revenue was mainly attributable to the increase in cost recoveries for the goods and services provided to United Nations agencies, funds and programmes.

Expense analysis

29. Total expenses decreased by \$307.1 million (3.7 per cent decrease) from \$8,263.9 million in 2016/17 to \$7,956.8 million in 2017/18. The decrease in expenses was in line with the decrease in assessed contributions. The major reductions in expenses were non-employee compensation and allowances (decrease of \$110.8 million), other operating expenses (decrease of \$44.2 million), provision for credit returns to Member States (decrease of \$54.5 million) and supplies and consumables (decrease of \$54.7 million). The decrease in non-employee compensation and allowances was mainly attributable to the reduction under United Nations police (decrease of \$50.7 million) as a result of the closure of UNMIL, the transition of MINUSTAH and the downsizing of UNAMID. A lower unencumbered balance for the current year budget and less cancellation of prior year commitments required a lower provision for credit returns to the Member States.

30. Figures IV.XII and IV.XIII highlight expenses by nature, showing that there was little change in the composition of expenses. Contingent contracted services accounted for 33 per cent (32 per cent in 2016/17) of total expenses, followed by employee salaries, allowances and benefits of 24 per cent (23 per cent in 2016/17) and other operating expenses of 18 per cent (18 per cent in 2016/17).

Figure IV.XII
Expenses by nature

(Millions of United States dollars and percentage)

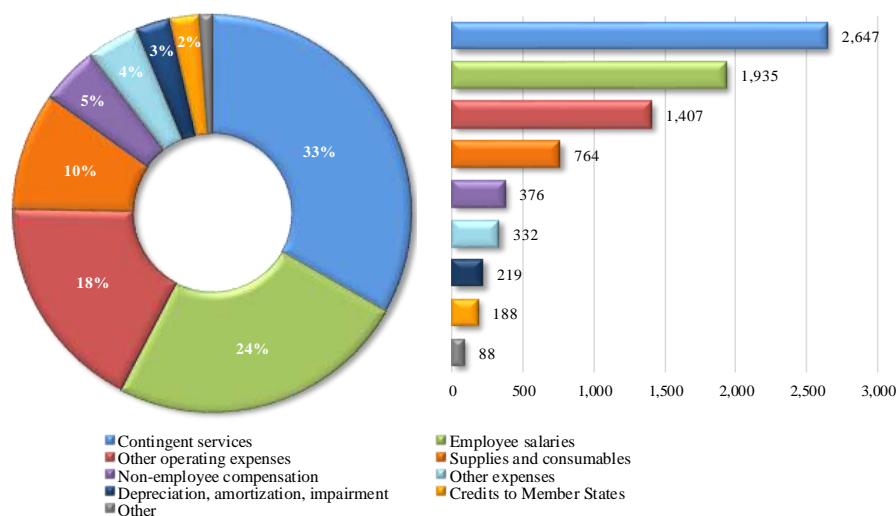
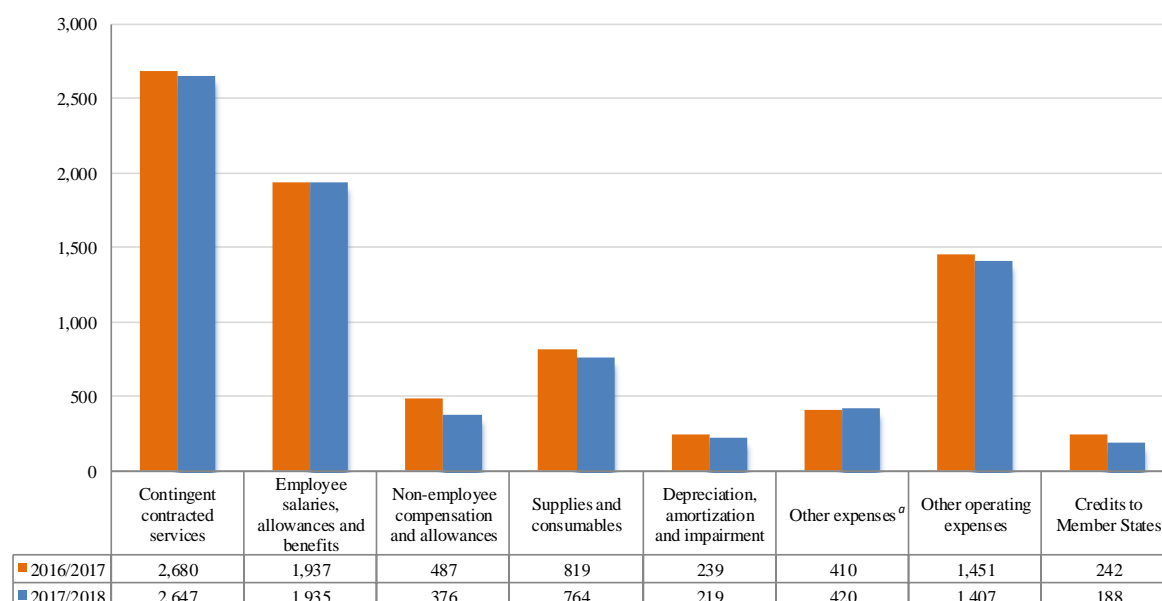


Figure IV.XIII
Changes in expenses by nature

(Millions of United States dollars)

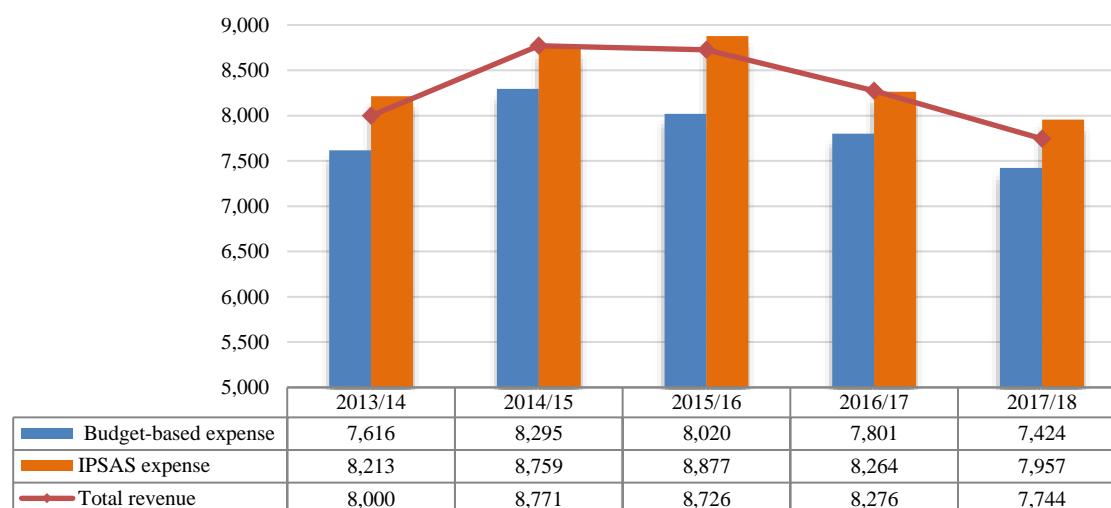


^a For the purposes of the present chart, the category “Other expenses” includes: other expenses (2016/17: \$318 million and 2017/18: \$332 million); self-insurance claims and expenses (2016/17: \$2 million and 2017/18: \$2 million); travel (2016/17: \$46 million and 2017/18: \$35 million); and grants and other transfers (2016/17: \$43 million and 2017/18: \$51 million).

31. Figure IV.XIV illustrates the trend in expenses (on an IPSAS basis) of the peacekeeping operations for fiscal period 2017/18 and four preceding periods, including in comparison with expenditure (on a modified cash basis), as well as total revenue over the same period.

Figure IV.XIV
Trend of expenses

(Millions of United States dollars)



C. Peacekeeping operations budgets

32. The peacekeeping operations' budgets continue to be prepared on a modified cash basis and are presented in statement V. To facilitate a comparison between the budget performance and the financial statements prepared under IPSAS, a reconciliation of the budget with the cash flow statement is provided in note 5.

33. Approved budgets are those that authorize expenditure to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized under Assembly resolutions and the commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions. The Assembly resolutions are shown in note 5. Annex II to the peacekeeping financial statements further provides the comparison of budget and actual amounts on a budget basis for each peacekeeping mission.

D. Liquidity

34. The liquidity assessment reviews the adequacy of cash assets at the mission's disposal to quickly settle its immediate obligations. Cash assets are comprised of cash, cash equivalent and cash pool investments.

35. Table IV.IV summarizes the ratio of cash assets to current liabilities for active peacekeeping missions as a measure of liquidity and provides a comparison with 30 June 2017. There was a significant deterioration in the liquidity of active missions compared with the previous year owing to the delay in Member States' payment of assessed contributions (see para. 17 above). The decrease in liquidity induced piling up of accounts payable to Member States (see para. 18 above). The chronic cash-strapped status persisted in MINURSO and UNMIK. Those two missions had to keep borrowing from closed missions during the year. The balance of the loans payable at 30 June 2018 in MINURSO and UNMIK stood at \$11.0 million and \$24.1 million, respectively.

Table IV.IV

Ratio of liquid assets to current liabilities as at 30 June 2018: active missions

(Millions of United States dollars)

	<i>Cash assets</i>	<i>Current liabilities</i>	<i>Ratio of cash assets to liabilities</i>	
			<i>30 June 2018</i>	<i>30 June 2017</i>
UNFICYP	7.3	8.0	0.91	0.97
UNDOF	6.3	16.5	0.38	0.75
UNIFIL	144.6	129.1	1.12	1.21
MINURSO	0.9	17.9	0.05	0.06
UNMIK	3.3	31.3	0.11	0.04
MONUSCO	143.2	416.5	0.34	0.41
UNMIL	12.0	32.7	0.37	0.54
MINUSTAH	11.5	62.4	0.18	0.49
UNAMID	57.5	258.6	0.22	0.78
UNSOS	19.7	159.0	0.12	0.84
UNISFA	23.8	96.6	0.25	0.69
UNMISS	78.6	395.0	0.20	0.45

	<i>Cash assets</i>	<i>Current liabilities</i>	<i>Ratio of cash assets to liabilities</i>	
			<i>30 June 2018</i>	<i>30 June 2017</i>
MINUSMA	272.9	330.5	0.83	0.97
MINUSCA	137.7	313.2	0.44	1.06
Total	919.3	2 267.3	0.41	0.72

36. In respect of support activities for peacekeeping operations, the ratio of cash assets to current liabilities declined to 2.17 at the end of 30 June 2018, from 4.6 in the prior year.

E. Looking forward to 2018/19 and beyond

37. Underpinned by a new management paradigm, the Departments of Management and Field Support will be re-engineered into two new departments: the Department of Management Strategy, Policy and Compliance and the Department of Operational Support. The Department of Management Strategy, Policy and Compliance will support all offices, including the missions, with streamlined and simplified policy frameworks and clear guidance, while the Department of Operational Support will focus on operations, services and transactions, including overseeing the global supply chain and procuring such goods and services as aviation services, fuel and rations. This reform aspires to provide more coherent, effective and full mandate delivery, including by the peacekeeping operations.

38. With UNMIL closed, alongside the further drawdown of UNAMID and the reconfiguration of other missions, assessed contributions are expected to fall further in the coming year. In addition, the migration from Galileo to Umoja of inventory and property, plant and equipment was completed in early September 2017. The full functionality for assets management and the global visibility of physical assets in real time for financial, budgetary and operational purposes is expected to lead to improved management and financial reporting of these assets.

Chapter V

Financial statements for the year ended 30 June 2018

I. Statement of financial position as at 30 June 2018

(Thousands of United States dollars)

	<i>Note</i>	<i>30 June 2018</i>	<i>30 June 2017</i>
Assets			
Current assets			
Cash and cash equivalents	6	88 754	280 876
Investments	22	1 070 110	1 337 665
Assessed contributions receivable	7	1 566 112	925 837
Voluntary contributions receivable	8	—	—
Other receivables	9	34 213	43 894
Inventories	10	409 732	353 383
Other assets	11	33 584	39 970
Total current assets		3 202 505	2 981 625
Non-current assets			
Investments	22	256 407	422 502
Property, plant and equipment	12	1 587 476	1 597 558
Intangible assets	13	3 491	440
Total non-current assets		1 847 374	2 020 500
Total assets		5 049 879	5 002 125
Current liabilities			
Accounts payable – Member States	14	1 409 487	1 186 311 ^a
Accounts payable and accrued liabilities	14	798 715	790 157 ^a
Advance receipts	15	12 517	6 231
Employee benefits liabilities	16	64 243	67 699
Provisions	17	216 535	330 763
Other liabilities	18	59 293	60 463
Current liabilities		2 560 790	2 441 624
Non-current liabilities			
Employee benefits liabilities	16	1 665 941	1 771 495
Non-current liabilities		1 665 941	1 771 495
Total liabilities		4 226 731	4 213 119
Net of total assets and total liabilities		823 148	789 006
Net assets			
Accumulated surpluses – unrestricted	19	561 775	527 633
Accumulated surpluses – restricted	19	111 373	111 373
Reserves	20	150 000	150 000
Total net assets		823 148	789 006

^a Regrouped to conform to the current presentation.

The accompanying notes to the financial statements are an integral part of these financial statements.

II. Statement of financial performance for the year ended 30 June 2018

(Thousands of United States dollars)

	<i>Note</i>	<i>2017/18</i>	<i>2016/17</i>
Revenue			
Assessed contributions	21	7 285 708	7 853 485
Voluntary contributions	21	362 540	342 939
Investment revenue	22	38 320	29 867
Other transfers and allocations	21	687	741
Other revenue	21	57 044	48 483
Total revenue		7 744 299	8 275 515
Expenses			
Employee salaries, allowances and benefits	23	1 935 390	1 936 894
Contingent contracted services	23	2 647 338	2 679 747
Non-employee compensation and allowances	23	376 288	487 132
Grants and other transfers	23	50 535	43 282
Supplies and consumables	23	763 921	818 639
Depreciation	12	216 150	225 091
Amortization	13	621	126
Impairment	12	2 585	13 373
Travel	23	34 843	46 003
Self-insurance claims and expenses	23	2 173	1 999
Other operating expenses	23	1 407 104	1 451 320
Other expenses	23	332 355	318 298
Credits to Member States	24	187 513	242 028
Total expenses		7 956 816	8 263 932
Surplus/(deficit) for the year		(212 517)	11 583

The accompanying notes to the financial statements are an integral part of these financial statements.

III. Statement of changes in net assets for the year ended 30 June 2018

(Thousands of United States dollars)

	<i>Accumulated surpluses/ (deficits) – unrestricted</i>	<i>Accumulated surpluses – restricted</i>	<i>Reserves</i>	<i>Total</i>
Net assets as at 1 July 2016	483 003	111 373	150 000	744 376
Changes in net assets				
Actuarial gain on employee benefits liabilities	33 047	–	–	33 047
Surplus for the year ended 30 June 2017	11 583	–	–	11 583
Net assets as at 30 June 2017	527 633	111 373	150 000	789 006
Changes in net assets				
Other adjustments to net assets ^a	(3 970)	–	–	(3 970)
Actuarial gain on employee benefits liabilities ^b	250 629	–	–	250 629
Deficit for the year ended 30 June 2018	(212 517)	–	–	(212 517)
Net assets as at 30 June 2018	561 775	111 373	150 000	823 148

^a \$20.9 million for the adjustment of the opening balance in inventory (see note 10), less \$24.8 million for the write-off of assets under construction in UNAMID (see note 12).

^b Actuarial gain of \$252.1 million for defined-benefit liabilities (see note 16) and actuarial loss of \$1.5 million for workers' compensation.

The accompanying notes to the financial statements are an integral part of these financial statements.

IV. Statement of cash flows for the year ended 30 June 2018

(Thousands of United States dollars)

	<i>Note</i>	<i>2017/18</i>	<i>2016/17</i>
Cash flows from operating activities			
Surplus/(deficit) for the year		(212 517)	11 583
<i>Non-cash movements</i>			
Depreciation and amortization	12, 13	216 771	225 217
Impairment of property, plant and equipment	12	2 585	13 373
<i>Changes in assets</i>			
(Increase)/decrease in assessed contributions receivable	7	(640 275)	315 943
(Increase)/decrease in voluntary contributions receivable	8	–	–
(Increase)/decrease in other receivables	9	9 681	(8 985)
(Increase)/decrease in inventories	10	(36 161)	6 754
(Increase)/decrease in other assets	11	6 386	(19 859)
<i>Changes in liabilities</i>			
Increase/(decrease) in accounts payable – Member States	14	223 176	66 842 ^a
Increase/(decrease) in accounts payable – other	14	8 558	(166 866) ^a
Increase/(decrease) in advance receipts	15	6 286	(104 681)
Increase/(decrease) in employee benefits liabilities	16	141 619	113 122
Increase/(decrease) in provisions	17	(114 228)	(225 035)
Increase/(decrease) in other liabilities	18	(1 170)	(464)
Investment revenue presented as investing activities	22	(38 320)	(29 867)
Net cash flows from operating activities		(427 609)	197 077
Cash flows from investing activities			
Net contribution from/(to) cash pool investments		433 650	219 805
Investment revenue presented as investing activities	22	38 320	29 867
Net increase in property, plant and equipment	12	(232 811)	(350 409)
Investment in intangible assets	13	(3 672)	–
Net cash flows used in investing activities		235 487	(100 737)
Net increase in cash and cash equivalents		(192 122)	96 340
Cash and cash equivalents – beginning of year		280 876	184 536
Cash and cash equivalents – end of year	6	88 754	280 876

^a Regrouped to conform to the current presentation.

The accompanying notes to the financial statements are an integral part of these financial statements.

V. Statement of comparison of budget and actual amounts for the year ended 30 June 2018

(Thousands of United States dollars)

Appropriated activities	Budget		Actual revenue/ expenditure budget basis	Difference ^a (percentage)
	Original	Final		
Revenue				
Assessed contributions	7 285 708	7 285 708	7 285 708	–
Voluntary contributions, budgeted	26 031	26 031	25 670	(1.39)
Allocations from other funds	687	687	687	–
Total revenue	7 312 426	7 312 426	7 312 065	–
Expenditure				
Active missions ^b				
UNFICYP	58 065	58 065	57 829	(0.41)
UNDOF	61 299	65 410 ^c	64 061	(2.06)
UNIFIL	513 534	513 534	513 067	(0.09)
MINURSO	56 110	56 110	55 388	(1.29)
UNMIK	40 294	40 294	39 042	(3.11)
MONUSCO	1 220 706	1 268 628 ^d	1 268 096	(0.04)
UNMIL	117 007	117 007	116 622	(0.33)
MINUSTAH	90 000	90 000	89 999	(0.00)
MINUJUSTH	93 801	93 801	93 501	(0.32)
UNAMID	944 505	944 505	941 828	(0.28)
UNSOS	622 194	622 194	611 692	(1.69)
UNISFA	285 119	285 119	284 444	(0.24)
UNMISS	1 144 964	1 210 121 ^e	1 184 286	(2.13)
MINUSMA	1 120 376	1 163 550 ^f	1 158 795	(0.41)
MINUSCA	943 767	963 979 ^g	940 840	(2.40)
Total active missions	7 311 741	7 492 317	7 419 490	(0.97)
Less: prorated costs of support account	(321 791)	(321 791)	(321 791)	
Less: prorated costs of UNLB – other activities	(80 462)	(80 462)	(80 462)	
Less: prorated costs of RSCE	(32 314)	(32 314)	(32 314)	
Total active missions, excluding prorated costs	6 877 174	7 057 750	6 984 923	(1.03)
Support activities				
Support Account	325 800	325 800	325 781	(0.01)
UNLB – other activities	81 000	81 000	80 196	(0.99)
RSCE	33 000	33 000	32 842	(0.48)
Total support activities	439 800	439 800	438 819	(0.22)
Total expenditure, in accordance with 2017/18 budget-based active missions and support activities	7 316 974	7 497 550	7 423 742	(0.98)
Net total	(4 548)^h	(185 124)	(111 677)	

<i>Non-appropriated activities</i>	<i>Funding</i>	<i>Expenditure</i>
UNLB – strategic deployment stock activities ⁱ	69 667	18 306
Reserve fund for workers' compensation ^j	2 476	2 171
Peacekeeping Reserve Fund	–	–
Peacekeeping cost recovery ^k	70 455	62 609
Total non-appropriated activities	142 598	83 086

^a Actual expenditure (budget basis) less final budget.

^b Budget and actual expenditure of active missions include prorated costs for the support account, UNLB – other activities and RSCE.

^c Commitments of \$8.8 million were authorized on 23 March 2017.

^d In addition to the original appropriation for the period from 1 July 2017 to 30 June 2018, an appropriation of \$47.9 million was approved by the General Assembly in resolution [72/293](#).

^e In addition to the original appropriation for the period from 1 July 2017 to 30 June 2018, an appropriation of \$65.2 million was approved by the Assembly in resolution [72/300](#).

^f Commitments of \$43.2 million were authorized on 13 April 2018.

^g Commitments of \$20.2 million were authorized on 20 April 2018.

^h Represents appropriations that were financed by means other than assessed contributions. Unencumbered balance and other income in respect of the period ended 30 June 2016 were applied to meet the resources of the support account and UNLB – other activities in the amount of \$4.2 million and \$0.5 million, respectively. The surplus in the Peacekeeping Reserve Fund of \$1.2 million in respect of the period ended 30 June 2016 was applied to meet the need for resources of the support account.

ⁱ Funding for strategic deployment stocks is based on current-period transfers to peacekeeping and political missions and other offices and fund balances brought forward from the prior period.

^j Funding for workers' compensation is allocated from active missions.

^k Funding for cost recovery is allocated from the revenue of the Fund.

The accompanying notes to the financial statements are an integral part of these financial statements.

United Nations peacekeeping operations as reported in volume II

Notes to the 2017/18 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 was signed on 26 June 1945 and became effective on 24 October 1945. The primary objectives of the United Nations are:

- (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 major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as the financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(e) The Secretariat is organized along departmental lines, with each department or office having a distinct area of action and responsibility. Offices and departments coordinate with each other to ensure cohesion as they carry out the day-to-day work of the Organization in offices and duty stations around the world. At the head of the United Nations Secretariat is the Secretary-General.

3. The United Nations has its headquarters in New York and has major offices in Geneva, Vienna and Nairobi. It also has peacekeeping and political missions, economic commissions, tribunals, training institutes, information centres and other offices around the world.

The United Nations peacekeeping operations

4. These financial statements relate to the United Nations peacekeeping operations, a separate financial reporting entity of the United Nations for the purposes of IPSAS-compliant reporting.

5. United Nations peacekeeping, with a mandate to help countries affected by conflict to create conditions for lasting peace, began operations in 1948 with the

creation of the first peacekeeping mission. Since then, 69 peacekeeping missions (2015/16: 69 missions) have been deployed by the United Nations, 56 of them since 1988.

6. United Nations peacekeeping operates under the direction of the Security Council; as deemed appropriate by vote of the Council, peacekeeping missions are established, extended, amended or ended. Under Article 25 of the Charter, all States Members of the United Nations agree to accept and carry out the decisions of the Security Council; while other organs make recommendations to Member States, the Council alone has the power to take decisions that Member States are obligated to follow. United Nations peacekeeping has unique strengths, including legitimacy, burden-sharing and an ability to deploy and sustain troops and police from around the world, integrating them with civilian peacekeepers to advance multidimensional mandates. As at 30 June 2018, there were 14 active United Nations peacekeeping missions (30 June 2017: 15 active missions) deployed across four continents.

7. The peacekeeping operations are regarded as an autonomous reporting entity, which, due 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, and which has no interests in associates, joint ventures or joint arrangements. Therefore, consolidation is not deemed applicable to the reporting entity, and these financial statements include only the activities of the United Nations peacekeeping operations.

Note 2

Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with IPSAS. The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently in the preparation and presentation of these financial statements. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the United Nations peacekeeping operations, consist of the following:

- (a) Statement I: statement of financial position;
- (b) Statement II: statement of financial performance;
- (c) Statement III: statement of changes in net assets;
- (d) Statement IV: statement of cash flows (using the indirect method);
- (e) Statement V: statement of comparison of budget and actual amounts;
- (f) A summary of significant accounting policies and other explanatory notes.

Going concern

9. The going-concern assertion is based on the approval by the General Assembly of the budget appropriations for peacekeeping operations for the 2018/19 financial year, the positive historical trend of collection of assessed contributions over the past years and the fact that the Assembly and the Security Council have not made any decisions to cease the operations of the peacekeeping operations as a whole.

Authorization for issue

10. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2,

the Secretary-General transmits these financial statements as at 30 June 2018 to the Board of Auditors by 30 September 2018. In accordance with financial regulation 7.12, the reports of the Board of Auditors are transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

11. The financial statements are prepared using the historic cost convention except for financial assets, which are recorded at fair value through surplus or deficit.

Functional and presentation currency

12. The functional currency of the peacekeeping operations is the United States dollar; currencies other than the functional currency are considered foreign currencies for the purpose of financial accounting and reporting. The presentation currency of the peacekeeping operations is also the United States dollar; these financial statements are expressed in thousands of United States dollars unless otherwise stated.

13. Foreign currency transactions are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The operational rate of exchange approximates the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the fiscal-year-end operational rate of exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the operational rate of exchange prevailing at the date of the transaction or when the fair value was determined.

14. 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 fiscal-year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimates

15. Materiality is central to the preparation and presentation of the financial statements of the peacekeeping operations and the 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.

16. 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 certain assets, liabilities, revenues and expenses.

17. 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 and amortization methods for property, plant and equipment and 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 and liabilities.

Future accounting pronouncements

18. The progress and impact of the following significant future accounting pronouncements by the IPSAS Board on the financial statements of the peacekeeping operations continue to be monitored:

(a) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(b) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

(c) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede those currently located in IPSAS 9: Revenue from exchange transactions; IPSAS 11: Construction contracts; and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers);

(d) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13. Approval of a new IPSAS on leases is projected for June 2019;

(e) Public sector measurement: the objectives of this project include: (i) to issue amended IPSAS standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure; (ii) to provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and (iii) to address transaction costs, including the specific matter of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify problems preparers have when applying IPSAS 17 to infrastructure assets. Informed by this research, the aim is to provide additional guidance on accounting for infrastructure assets.

Recent and future requirements of International Public Sector Accounting Standards

19. On 30 January 2015, the IPSAS Board published six new standards: IPSAS 33: First-time adoption of accrual basis IPSAS; IPSAS 34: Separate financial statements; IPSAS 35: Consolidated financial statements; IPSAS 36: Investments in associates and joint ventures; IPSAS 37: Joint arrangements; and IPSAS 38: Disclosure of interests in other entities. These standards are effective from periods beginning on or after 1 January 2017. IPSAS 33 has no impact on peacekeeping operations, which adopted IPSAS with effect from 1 July 2013 before the issuance of the standard. Similarly, the other five new standards, IPSAS 34 to IPSAS 38, do not have any material impact on the peacekeeping operations.

20. In July 2016, the IPSAS Board issued IPSAS 39: Employee benefits, repealing IPSAS 25, which is applicable to peacekeeping operations starting with the financial year 2018/19; and on 31 January 2017, the IPSAS Board published IPSAS 40: Public sector combinations, which sets out the classification and measurement of public sector combinations. There is currently no impact on the peacekeeping operations from the application of either IPSAS 39 or 40.

Note 3
Significant accounting policies

Financial assets: classification

21. Classification of financial assets primarily depends on the purpose for which the financial assets are acquired. The peacekeeping operations classify financial assets in one of the categories shown below at initial recognition and re-evaluate the classification at each reporting date.

<i>Classification</i>	<i>Financial assets</i>
Fair value through surplus or deficit	Investments in cash pools
Loans and receivables	Cash and cash equivalents and receivables

22. All financial assets are initially measured at fair value. The peacekeeping operations initially recognize financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the peacekeeping operation becomes party to the contractual provisions of the instrument.

23. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rate of exchange prevailing at the reporting date with net gains or losses recognized in the surplus or deficit in the statement of financial performance.

24. Financial assets at fair value through surplus or deficit are those that have either been designated in this category at initial recognition or are held for trading or are acquired principally for the purpose of sale in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are recognized in the statement of financial performance in the period in which they arise.

25. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

26. 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.

27. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the peacekeeping operations have transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount 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.

Financial assets: investment in cash pools

28. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investments among all pool participants. Since 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.

29. The investments of the peacekeeping operations in the main pool 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.

Financial assets: cash and cash equivalents

30. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial assets: receivables from non-exchange transactions – contributions receivable

31. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to the peacekeeping operations by Member States, non-member States and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, less allowance for doubtful receivables reflecting impairment for estimated irrecoverable amounts. Voluntary contributions receivable are subject to an allowance for doubtful receivables on the same basis as other receivables. For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables from Member States that are subject to Article 19 of the Charter on voting right restrictions in the General Assembly owing to arrears equalling or exceeding the amount of the contributions due for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the General Assembly has granted special treatment as regards payment: UNEF, ONUC, unpaid assessed contributions which were transferred to a special account pursuant to General Assembly resolution [36/116 A](#), and unpaid assessed contributions of the former Yugoslavia: 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance. Any contested amount outstanding for less than two years will be disclosed in the notes to the financial statements;

(d) Assessed contributions receivable that are past due in excess of two years related to missions that have been closed for over two years: 100 per cent allowance;

(e) For receivables with approved payment plans, no allowance for doubtful debt will be established; however, disclosures will be made in the notes to the financial statements.

Financial assets: receivables from exchange transactions – other receivables

32. Other receivables include primarily amounts receivable for goods or services provided to other entities and amounts receivable for operating lease arrangements.

Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables and voluntary contributions receivable are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing accordingly.

Other assets

33. Other assets include 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

34. Inventory balances are recognized as current assets and include the categories set out below.

<i>Categories</i>	<i>Subcategories</i>
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 and supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves, strategic deployment stocks, United Nations reserves
Consumables and supplies	Material holdings of consumables and supplies, spare parts, medicine

35. 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. Inventory acquired through non-exchange transactions, i.e., donated goods, are 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.

36. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the United Nations peacekeeping operations. 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.

37. Holdings of consumables and supplies for internal consumption are capitalized in the statement of financial position when material. Such inventories are valued by the moving average method based on records available in Umoja. Valuations are subject to impairment review, which takes into consideration the variances between moving average price valuation and current replacement cost, as well as slow-moving and obsolete items.

38. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost or net realizable value, which are recognized in the statement of financial performance.

Heritage assets

39. Heritage assets are not recognized in the financial statements, but transactions related to significant heritage assets are disclosed in the notes to the financial statements.

Property, plant and equipment

40. Property, plant and equipment are classified into different groups of items of a similar nature and with similar 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, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of \$20,000 or \$100,000 for leasehold improvements and self-constructed assets. A lower threshold of \$5,000 applies to five commodity groups: vehicles; prefabricated buildings; satellite communication systems; generators; and network equipment;

(b) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs. Standard rates of 20 per cent of the cost of purchase are used in place of actual associated costs;

(c) Owing to the absence of historical cost information, real estate assets are initially recognized at fair value using a depreciated replacement cost methodology. The method involves calculating the cost per unit of measurement, such as cost per square metre, by collecting construction data utilizing in-house cost data (where available) or external cost estimators for each catalogue of real estate assets and multiplying this 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 these assets are made to determine the depreciated replacement cost of the assets;

(d) For property, plant and equipment acquired at nil or nominal cost, such as donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

41. 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. As not all components of a building have the same useful life or have the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the components approach. Depreciation commences in the month when the United Nations peacekeeping operation gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of the retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless the residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are set out below.

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	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 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings	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, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

42. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation and property, plant and equipment 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.

43. The peacekeeping operations selected the cost model, instead of the revaluation model, for the measurement of property, plant and equipment after initial recognition. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the peacekeeping operations 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.

44. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where 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.

45. Impairment assessments are conducted during the annual physical verification process 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 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

46. 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.

47. Acquired computer software licences are capitalized on the basis of 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 peacekeeping operations 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.

<i>Class</i>	<i>Range of estimated useful life</i>
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

48. 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

49. Financial liabilities are classified as other financial liabilities. They include accounts payable, unspent funds held for future refund 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 durations of less than 12 months are recognized at their nominal value. The peacekeeping operations re-evaluate the classification of financial liabilities at each reporting date and derecognize financial liabilities when contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued expenses

50. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. Payables are recognized and subsequently measured at their nominal value as they are generally due within 12 months.

Advance receipts and other liabilities

51. Advance receipts are contributions received for future periods. Other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the peacekeeping operations as lessee

52. Leases of property, plant and equipment where a peacekeeping operation has substantially all of 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 payment. 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.

53. Leases where all of the risks and rewards of ownership are not substantially transferred to a peacekeeping operation 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 period of the lease.

Leases: the peacekeeping operations as lessor

54. The peacekeeping operations lease out (act as a lessor) certain assets under operating leases. Assets subject to operating leases are reported under property, plant and equipment. Lease revenue from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

Donated rights to use

55. The right to use land, buildings, infrastructure assets, machinery and equipment is frequently granted to peacekeeping operations, 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 of the underlying asset is transferred to the peacekeeping operation.

56. When a donated right-to-use arrangement is classified as an operating lease, an expense and corresponding revenue equal to the annual market rent of similar property are recognized in the financial statements. Where a donated right-to-use arrangement is classified 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 term of the arrangement or the useful life of the property. In addition, a liability for the same amount is recorded and progressively recognized as revenue over the lease term.

57. Donated right-to-use land arrangements are accounted for as operating leases where the peacekeeping operation does not have exclusive control and title to the land is not transferred under restricted deeds. Where title to land is transferred to the peacekeeping operation without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

58. The thresholds for the recognition of revenue and expenses is yearly rental value equivalent of \$20,000 for each donated right-to-use arrangement for land, buildings or infrastructure assets and \$5,000 per item for machinery and equipment assets.

Employee benefits

59. Employees are staff members, as described under Article 97 of the Charter, whose employment and contractual relationship with a peacekeeping operation 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

60. 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 or 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.

61. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. As home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

62. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension provided through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

63. 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 benefit). Defined-benefit plans are those where the peacekeeping operations have an obligation to provide agreed benefits and therefore bear 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 peacekeeping operations have elected to recognize changes in the liability valuation from actuarial gains and losses directly through the statement of changes in net assets. As at the reporting date, the peacekeeping operations did not hold any plan assets as defined by IPSAS 25: Employee benefits.

64. 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.

65. **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 they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and five years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the peacekeeping operations of 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 residual liability of the peacekeeping operations. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the residual liability of the peacekeeping operations in accordance with the cost-sharing ratios authorized by the General Assembly.

66. **Repatriation benefits.** Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation benefits, comprising a repatriation grant based upon length of service and travel and removal expenses. A liability is recognized from when the staff member joins a peacekeeping operation and is measured as the present value of the estimated liability for settling these entitlements.

67. **Annual leave.** The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the Organization. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members access current period leave entitlements before they access accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Organization. The accumulated annual leave benefit reflecting the outflow of economic resources from the Organization at end of service is therefore classified as “other long-term benefit”; noting that the portion of the accumulated annual leave benefit that is expected to be settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 25: Employee benefits, other long-term benefits must be valued similarly as post-employment benefits; therefore, the

peacekeeping operation 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

68. The peacekeeping operations constitute 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 by article 3 (b) of the Regulations of the Pension Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the plan. The peacekeeping operations and the United Nations Joint Staff Pension Fund, in line with other participating organizations in the Fund, are not in a position to identify their proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the peacekeeping operations have treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 25. Contributions by the peacekeeping operations to the plan during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

69. Termination benefits are recognized as an expense only when the peacekeeping operation is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits will 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

70. 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 a long-term employee benefit.

71. Appendix D to the Staff Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Actuaries value these liabilities and actuarial gains or losses in the liability are recognized in the statement of changes in net assets.

Provisions

72. Provisions are liabilities recognized for future expenditure of an uncertain amount or timing. A provision is recognized if, as a result of a past event, the peacekeeping operation 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 provision is measured as the best estimate of the amount 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 expected to be required to settle the obligation.

73. Uncommitted balances of the current-year appropriations and expired balances of the appropriations retained from prior years are required to be surrendered to the Member States. Investment income and other income are also returned to the Member States, together with the surrendered appropriations. At the reporting date, provisions are made for the surplus balances to be returned to the Member States with an adjustment to net assets. The surplus balances remain as provisions until the General Assembly decides the manner of their disposal.

Contingent liabilities

74. Contingent liabilities represent 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 peacekeeping operations, or present obligations that arise from past events but are not 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 because the amount of the obligations cannot be reliably measured.

Contingent assets

75. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the peacekeeping operations.

Commitments

76. Commitments are future expenses that are to be incurred on contracts entered into by the reporting date and that the peacekeeping operations have minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the peacekeeping operations in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

77. Assessed contributions for the peacekeeping operations are assessed and approved for a one-year budget period. Assessed contributions are recognized as revenue at the beginning of the year.

78. Assessed contributions include the amounts assessed to the Member States to finance the activities of the peacekeeping operations in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-member States is presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

79. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time the agreement becomes binding, which is the point when a peacekeeping operation is deemed to acquire control of the asset. Where cash is received subject to specific conditions, however, recognition is deferred until those conditions have been satisfied.

80. Voluntary pledges and other promised donations that are not supported by binding agreements with terms of offer and acceptance are recognized as revenue

upon the receipt of cash. Unused funds returned to the donor are netted against revenue (if those funds are recognized as revenue during the year) or shown as a reduction of net assets if the funds were recognized in the previous year.

81. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable a peacekeeping organization to administer projects or other programmes on their behalf.

82. 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 peacekeeping operations and the fair value of those assets can be measured reliably. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment a lower threshold of \$5,000 applies. Contributions in kind are initially measured at their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals. The peacekeeping operations have elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of services above the threshold of \$20,000 in the notes to the financial statements.

Exchange revenue

83. Exchange transactions are those where the peacekeeping operations sell 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 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;

(b) Exchange revenue also includes income from the rental of premises, the sale of used or surplus property and income from net gains resulting from currency exchange adjustments.

Investment revenue

84. Investment revenue includes the share of the peacekeeping operations of net cash pool income and other interest income. The net cash pool income includes any gains or losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to investment activities are netted against income and the net income is distributed proportionately to all cash pool participants based on their average daily balances. The cash pool income also includes the value of unrealized market gains and losses on securities, which is distributed proportionately to all participants based on year-end balances.

Expenses

85. 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.

86. 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, staff mission subsistence, assignment, repatriation, hardship and other allowances. Expenses for

contingent contracted services relate to troop costs, contingent self-sustainment costs, contingent-owned equipment reimbursements and compensation for troop death and disability costs. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers, consultant fees, mission subsistence and clothing allowances, and death and disability, residential security and welfare costs for military observers and civilian police. Supplies and consumables expenses relate to spare parts for facilities, vehicles, machinery and equipment, and communications and information technology equipment, in addition to petroleum, oil and lubricant costs. This category of expenses also includes rations, medical supplies, uniforms and safety and security supplies. Grants and other transfers include outright grants and transfers to implementing agencies and partners for quick-impact projects as well as other direct support costs. Travel expenses include transportation, allowances and other related costs for staff and non-staff. Other operating expenses include maintenance, contractual services, rental of aircraft, mine action services, security services, shared services, rental of facilities, insurance, allowance for bad debt and write-off expenses. Other expenses relate to contributions in kind, hospitality and official functions, and ex gratia and compensation claims.

Note 4

Segment reporting

87. 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.

88. United Nations peacekeeping classifies its operations into three segments:

(a) *Active missions*: MINUSTAH was transformed into MINUJUSTH on 16 October 2017. UNMIL completed its mandate on 31 March 2018 and was in the process of liquidation as at 30 June 2018.

• UNFICYP	• UNDOF	• UNIFIL	• MINURSO
• UNMIK	• MONUSCO	• UNMIL	• MINUSTAH/ MINUJUSTH
• UNAMID	• UNSOS	• UNISFA	• UNMISS
• MINUSMA	• MINUSCA		

(b) *Closed missions*: Subsequent to the completion of its mandate on 30 April 2017, UNOCI was classified as a closed mission.

• UNOCI	• UNSMIS	• UNMIT	• UNMIS
• MINURCAT	• UNOMIG	• UNMEE	• ONUB
• UNAMSIL/ UNOMSIL	• UNMISSET/ UNTAET	• UNIKOM	• UNMIBH
• UNMOT	• MIPONUH/ UNSMIH/UNTMH	• MINURCA	• MONUA/ UNAVEM
• UNPREDEP	• UNTAES/UNPSG	• UNOMIL	• UNPF
• MINUGUA	• UNMIH	• UNAMIR/ UNOMUR	• ONUSAL
• ONUMOZ	• UNSOM	• UNMLT	• UNTAC
• UNTAG	• UNIIMOG	• UNEF (1956)	• ONUC

(c) *Support activities*

- Peacekeeping Reserve Fund
- UNLB/strategic deployment stocks
- Employee benefits funds
- Support account for peacekeeping operations
- RSCE
- Peacekeeping cost recovery

89. The segment revenue, expenses, assets and liabilities are set out below.

Segment performance and position, 30 June 2018

(Thousands of United States dollars)

<i>Current year</i>	<i>Active missions</i>	<i>Closed missions</i>	<i>Support activities</i>	<i>Eliminations</i>	<i>Total 2017/18</i>
Segment revenue					
Assessed contributions	7 285 708	–	–	–	7 285 708
Voluntary contributions	357 006	–	5 534	–	362 540
Transfers and allocations	–	–	436 412	(435 725) ^a	687
Other external sources	54 311	3 114	109 751	(71 812) ^a	95 364
Total revenue	7 697 025	3 114	551 697	(507 537)	7 744 299
Total segment expense	7 783 786	1 993	678 574	(507 537)^a	7 956 816
Surplus/(deficit) for the year	(86 761)	1 121	(126 877)	–	(212 517)
Segment assets	4 370 171	234 356	508 342	(62 990) ^b	5 049 879
Segment liabilities	2 267 302	276 721	1 745 698	(62 990) ^b	4 226 731
Total net assets	2 102 869	(42 365)	(1 237 356)	–	823 148

^a \$435.7 million for the allocation from active missions to support activities (which for revenue includes a transfer of \$1.2 million to the support account); \$71.8 million represents \$30.9 million for cost recovery between missions and mission funding for inventory reserve, \$7.7 million for the transfer of strategic deployment stocks to peacekeeping missions, \$29.0 for the transfer of assets between peacekeeping missions (\$18.3 million inventory and \$10.7 million equipment), \$0.8 million for equipment replacement costs charged in respect of strategic deployment stocks and \$3.4 million for the allocation from active missions to the reserve fund for workers' compensation.

^b Cross-borrowings between missions (\$58.9 million) and the elimination of inter-fund balances between peacekeeping missions and the cost recovery fund (\$4.1 million).

Segment performance and position, 30 June 2017

(Thousands of United States dollars)

<i>Prior year</i>	<i>Active missions</i>	<i>Closed missions</i>	<i>Support activities</i>	<i>Eliminations</i>	<i>Total 2016/17</i>
Segment revenue					
Assessed contributions	7 853 485	—	—	—	7 853 485
Voluntary contributions	337 404	—	5 535	—	342 939
Transfers and allocations	—	—	440 627	(439 886) ^a	741
Other external sources	57 683	1 303	83 226	(63 862) ^a	78 350
Total revenue	8 248 572	1 303	529 388	(503 748)	8 275 515
Total segment expense	8 149 491	(8 163)	626 352	(503 748)^a	8 263 932
Surplus/(deficit) for the year	99 081	9 466	(96 964)	—	11 583
Segment assets	4 397 126	194 994	465 933	(55 928) ^b	5 002 125
Segment liabilities	2 206 748	234 430	1 827 869	(55 928) ^b	4 213 119
Total net assets	2 190 378	(39 436)	(1 361 936)	—	789 006

^a \$439.9 million for the allocation from active missions to support activities (which for revenue includes a transfer of \$0.8 million to the support account); \$63.9 million represents \$19.8 million for the transfer of strategic deployment stocks to peacekeeping missions, \$32.0 million for the transfer of assets between peacekeeping missions, \$8.3 million for cost recovery between missions and \$3.8 million for the allocation from active missions to the reserve fund for workers' compensation.

^b Cross-borrowings between missions.

Note 5

Comparison to budget

90. Statement V, the statement of comparison of budget and actual amounts, presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

91. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each mission under General Assembly resolutions.

Material differences

92. The original budget amounts are the appropriations and voluntary contributions approved on 30 June 2017 by the General Assembly for the financial year from 1 July 2017 to 30 June 2018. The final budget reflects the original budget appropriation with any amendments by the Assembly and commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions.

93. Material differences between the final budget appropriation and actual expenditure on a modified accrual basis are deemed to be those greater than 5 per cent and are considered below.

<i>Mission</i>	<i>General Assembly resolution</i>	<i>Note</i>
UNFICYP	71/300	Non-material difference
UNDOF	71/306	Non-material difference
UNIFIL	71/307	Non-material difference
MINURSO	71/309	Non-material difference
UNMIK	71/303	Non-material difference
MONUSCO	71/301 and 72/293	Non-material difference
UNMIL	71/304	Non-material difference
MINUSTAH/MINUJUSTH	71/302 and 72/260 A	Non-material difference
UNAMID	71/310 and 72/259 A	Non-material difference
UNSOS	71/311	Non-material difference
UNISFA	71/298	Non-material difference
UNMISS	71/308 and 72/300	Non-material difference
MINUSMA	71/305	Non-material difference
MINUSCA	71/299	Non-material difference
Support account	71/295	Non-material difference
UNLB – other activities	71/294	Non-material difference
RSCE	71/293	Non-material difference

94. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of cash flows (statement IV) is reflected in the table below.

Budget reconciliation for the year ended 30 June 2018

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amount on comparable basis (statement V)	(7 423 742)	–	–	(7 423 742)
Basis differences	(246 472)	(236 483)	–	(482 955)
Presentation differences	7 242 605	471 970	–	7 714 575
Actual amount in statement of cash flows (statement IV)	(427 609)	235 487	–	(192 122)

Budget reconciliation for the year ended 30 June 2017

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amount on comparable basis (statement V)	(7 801 205)	–	–	(7 801 205)
Basis differences	(222 855)	(350 409)	–	(573 264)
Presentation differences	8 221 137	249 672	–	8 470 809
Actual amount in statement of cash flows (statement IV)	197 077	(100 737)	–	96 340

95. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results with the statement of cash flows, the modified cash elements, such as commitments against budget, must be eliminated. These commitments do not represent cash flows while they pertain to budgetary expenditures. Similarly, IPSAS-specific differences such as payments against prior year commitments and investing cash flows relating to acquisition of property, plant and equipment or intangible assets are included to reconcile the budgetary results to the statement of cash flows.

96. Entity differences represent cash flows of fund groups other than those of the peacekeeping operations that are reported in the financial statements. The financial statements include results for all fund groups.

97. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. As the budget reflects the reporting period, there are no timing differences.

98. 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. The latter does not include either income or the net changes in cash pool balances. Other presentation differences are amounts that are included in the statement of comparison of budget and actual amounts but that cannot be separated from the operating, investing and financing activities.

Note 6

Cash and cash equivalents

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Cash at bank and on hand	886	1 023
Cash pool cash and term deposits – original maturity of less than three months	87 868	279 853
Total cash and cash equivalents	88 754	280 876

Note 7

Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Assessed contributions	2 164 420	1 512 022
Allowance for doubtful receivables	(598 308)	(586 185)
Total assessed contributions receivable	1 566 112	925 837

Note 8

Receivables from non-exchange transactions: voluntary contributions

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Voluntary contributions	5 338	5 299
Allowance for doubtful receivables	(5 338)	(5 299)
Total voluntary contributions receivable	–	–

Note 9
Other receivables

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Member States	138 297	135 869
Receivables from United Nations-related party entities	17 805	20 740
Other exchange revenue receivables	11 415	21 394
Allowance for doubtful receivables	(133 304)	(134 109)
Total other receivables	34 213	43 894

Note 10
Inventories

99. As at 31 July 2017, the inventory records have been migrated from Galileo to Umoja. Select groups of equipment below the capitalization threshold are tracked for operational control but are not included as inventory for financial reporting purposes. The category of equipment below the capitalization threshold that existed under the Galileo system does not exist in Umoja, so the attributes of material groups in Umoja have been used as the basis to determine items that are not capitalizable for financial reporting purposes. Previously, the inventory of consumables and supplies for items up to a threshold of \$5,000 was estimated on the basis of total balances, and material records that remained static for a long period were removed; such conditions are not applied under Umoja. Once inventory below the capitalization threshold is removed, the inventory of consumables and supplies is driven directly from the material records and inventory with no movement is impaired or written off through the regular process. These changes resulted in a difference of \$20.9 million between the opening balance of the current period and the ending balance of the prior year. Since the difference is a one-off adjustment which cannot be proportioned to prior years, it has been adjusted to the net assets of the current year.

(Thousands of United States dollars)

	Strategic reserves	Consumables and supplies	Total
Opening inventory as at 1 July 2016	91 350	268 787	360 137
Purchase	25 495	170 475	195 970
Consumption	(21 288)	(180 564)	(201 852)
Impairment and write-offs	(872)	–	(872)
Total inventory as at 30 June 2017	94 685	258 698	353 383
Adjustment	–	20 875	20 875
Purchase	29 489	146 741	176 230
Consumption	(20 969)	(117 500)	(138 469)
Impairment and write-offs	(918)	(1 369)	(2 287)
Total inventory as at 30 June 2018	102 287	307 445	409 732

Note 11
Other assets

100. Deferred charges include education grant prepayments for future school years. Advances to other United Nations agencies and other advances of the prior year have been regrouned by recipient type.

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Deferred charges	8 689	9 089
Advances to UNDP and other United Nations agencies	14 756	15 212
Advances to military and other personnel	899	8 753
Advances to staff	2 551	4 171
Advances to vendors	48	178
Advance transfers	6 619	1 603
Other	22	964
Total other assets	33 584	39 970

Note 12
Property, plant and equipment

101. The net book value of property, plant and equipment as at 30 June 2018 was \$1,587.5 million compared with \$1,597.6 million as at 30 June 2017. The total cost of acquisitions during 2018 was \$254.5 million.

102. During the year, the peacekeeping operations disposed of property, plant and equipment in the amount of \$45.4 million (2016/17: \$28.6 million), at net book value. Equipment was written down by \$4.5 million (2016/17: \$15.3 million), owing mainly to hostile actions and natural disasters of \$0.2 million (2016/17: \$6.3 million), malfunctions and accidents of \$1.5 million (2016/17: \$0.7 million) and losses and other reasons of \$2.8 million (2016/17: 5.1 million). Buildings and infrastructure were written down by \$40.8 million (2016/17: \$13.3 million), of which \$24.8 million was attributable to relocations and closure of sites as a result of terminated infrastructure construction projects and \$16.0 million to donations to host Governments (2016/17: \$12.5 million).

103. In the reporting year, property, plant and equipment with a net book value of \$1.9 million (2016/17: \$13.4 million) was impaired, comprising mainly \$0.7 million as a result of obsolescence (2016/17: \$1.0 million), \$0.4 million as a result of natural disasters (2016/17: nil) and \$0.1 million caused by damages and malfunctions (2016/17: \$5.8 million). Buildings and infrastructure were impaired by \$0.7 million (2016/17: nil) owing to obsolescence.

104. The peacekeeping operations had no significant heritage assets as at the reporting date (2016/17: none).

Property, plant and equipment: 2017/18

(Thousands of United States dollars)

	<i>Buildings</i>	<i>Infrastructure</i>	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Communications and information technology equipment</i>	<i>Vehicles</i>	<i>Machinery and equipment</i>	<i>Assets under construction</i>	<i>Total</i>
Cost as at 1 July 2017	986 413	602 603	422	4 526	374 309	841 709	426 065	60 080	3 296 127
Additions	47 999	–	–	30	22 099	41 563	23 778	119 005	254 474
Disposals	(49 922)	(18 472)	–	(1 157)	(19 257)	(49 474)	(18 653)	–	(156 935)
Completed assets under construction	27 049	58 199	–	–	–	–	–	(85 248)	–
Cost as at 30 June 2018	1 011 539	642 330	422	3 399	377 151	833 798	431 190	93 837	3 393 666
Accumulated depreciation and impairment as at 1 July 2017	(496 652)	(188 865)	(211)	(3 473)	(258 682)	(514 589)	(236 097)	–	(1 698 569)
Depreciation	(53 100)	(37 865)	(84)	(389)	(32 329)	(55 770)	(36 613)	–	(216 150)
Disposals	48 183	9 291	–	1 143	18 578	44 383	13 694	–	135 272
Impairment and write-offs in year	(391)	(663)	–	(10)	(440)	(132)	(270)	(24 837)	(26 743) ^a
Accumulated depreciation and impairment as at 30 June 2018	(501 960)	(218 102)	(295)	(2 729)	(272 873)	(526 108)	(259 286)	(24 837)	(1 806 190)
Net carrying amount									
1 July 2017	489 761	413 738	211	1 053	115 627	327 120	189 968	60 080	1 597 558
Net carrying amount 30 June 2018	509 579	424 228	127	670	104 278	307 690	171 904	69 000	1 587 476

^a \$24.8 million for the write-off of assets under construction in UNAMID has been adjusted to net assets.

Property, plant and equipment: 2016/17

(Thousands of United States dollars)

	<i>Buildings</i>	<i>Infrastructure</i>	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Communications and information technology equipment</i>	<i>Vehicles</i>	<i>Machinery and equipment</i>	<i>Assets under construction</i>	<i>Total</i>
Cost as at 1 July 2016	899 834	502 637	422	4 715	396 638	899 184	431 373	49 110	3 183 913
Additions	115 079	–	–	29	25 300	33 169	48 551	156 849	378 977
Disposals	(56 285)	(18 128)	–	(218)	(47 629)	(90 644)	(53 859)	–	(266 763)
Completed assets under construction	27 785	118 094	–	–	–	–	–	(145 879)	–
Cost as at 30 June 2017	986 413	602 603	22	4 526	374 309	841 709	426 065	60 080	3 296 127
Accumulated depreciation and impairment as at 1 July 2016	(492 560)	(159 906)	(127)	(3 292)	(264 652)	(534 894)	(242 869)	–	(1 698 300)
Depreciation	(53 402)	(34 289)	(84)	(377)	(38 286)	(60 418)	(38 235)	–	(225 091)
Disposals	49 622	5 330	–	196	45 995	86 154	50 898	–	238 195
Impairment and write-offs in year	(312)	–	–	–	(1 739)	(5 431)	(5 891)	–	(13 373)
Accumulated depreciation and impairment as at 30 June 2017	(496 652)	(188 865)	(211)	(3 473)	(258 682)	(514 589)	(236 097)	–	(1 698 569)
Net carrying amount									
1 July 2016	407 274	342 731	295	1 423	131 986	364 290	188 504	49 110	1 485 613
Net carrying amount 30 June 2017	489 761	413 738	211	1 053	115 627	327 120	189 968	60 080	1 597 558

Note 13
Intangible assets

(Thousands of United States dollars)

	<i>Software developed internally</i>	<i>Licence rights</i>	<i>Total</i>
Opening cost 1 July 2017	370	206	576
Additions	3 762	–	3 762
Total cost 30 June 2018	4 042	206	4 248
Opening accumulated amortization 1 July 2017	80	56	136
Amortization	570	51	621
Closing accumulated amortization 30 June 2018	650	107	757
Net book value 1 July 2017	290	150	440
Net book value 30 June 2018	3 392	99	3 491

105. The current approved budget for the Umoja project up to 31 December 2018 is \$516.8 million. The share of the Umoja project chargeable to the peacekeeping operations is \$320.4 million. During the current financial period, the peacekeeping operations contributed \$25.0 million (2016/17: \$16.8 million) to Umoja-related expenditure (see note 23, under grants and other transfers), bringing the total contributions to \$289.0 million as at 30 June 2018. Capitalizable expenditure related to Umoja is reported as an intangible asset in the financial statements of the United Nations, Volume I, and the cost-sharing of United Nations peacekeeping operations is expensed in these financial statements.

Note 14
Accounts payable

(Thousands of United States dollars)

	<i>30 June 2018</i>	<i>30 June 2017</i>
Accruals for goods and services	579 728	610 018a
Vendor payables	191 632	152 225
Payables to United Nations related party entities	14 779	14 719
Transfers payable	745	1 839
Other	11 831	11 356
Subtotal accounts payable and accrued liabilities	798 715	790 157
Member States accounts payable	1 409 487	1 186 311 ^a
Total accounts payable	2 208 202	1 976 468

^a Regrouped to conform with the current presentation. An amount of \$605.4 million, which was due to the Member States, has been reclassified from accruals for goods and services to Member States accounts payable.

Note 15
Advance receipts

106. Advance receipts relate to contributions received that will be applied to the subsequent years' assessment, as well as deferred income.

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Advance receipts from Member States	4 812	5 805
Deferred income	7 705	426
Total advance receipts	12 517	6 231

Note 16

Employee benefits liabilities

(Thousands of United States dollars)

	Current	Non-current	Total
30 June 2018			
After-service health insurance	9 222	1 357 956	1 367 178
Annual leave	3 749	83 727	87 476
Repatriation benefits	8 826	184 443	193 269
Subtotal defined-benefit liabilities	21 797	1 626 126	1 647 923
Accrued salaries and allowances	40 460	—	40 460
Appendix D/workers' compensation	1 986	39 815	41 801
Total employee benefits liabilities	64 243	1 665 941	1 730 184
30 June 2017			
After-service health insurance	9 084	1 402 142	1 411 226
Annual leave	4 225	118 390	122 615
Repatriation benefits	9 720	213 377	223 097
Subtotal defined-benefit liabilities	23 029	1 733 909	1 756 938
Accrued salaries and allowances	42 709	—	42 709
Appendix D/workers' compensation	1 961	37 586	39 547
Total employee benefits liabilities	67 699	1 771 495	1 839 194

107. The liabilities arising from post-employment benefits and the workers' compensation programme under appendix D to the Staff Rules are determined by independent actuaries and are established in accordance with the Staff Regulations and Rules of the United Nations. Actuarial valuation for post-employment benefits is usually undertaken every two years. The most recent actuarial valuation, conducted as at 31 December 2017, was updated in the current year and carried forward to 30 June 2018. Actuarial valuation for workers' compensation is undertaken every year and was carried forward to 30 June 2018.

Actuarial valuation: assumptions

108. The peacekeeping operations review and select assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations are shown below.

Actuarial assumptions

(Percentage)

<i>Assumption</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Discount rates (30 June 2018)	4.38	4.10	4.17
Discount rates (30 June 2017)	3.85	3.26	3.39
Expected rate of medical cost increase (30 June 2018)	4.0–5.7	–	–
Expected rate of medical cost increase (30 June 2017)	4.0–6.0	–	–
Travel costs inflation (30 June 2018)	–	2.20	–
Travel costs inflation (30 June 2017)	–	2.25	–

109. From the 31 December 2017 valuation onwards, the Organization decided to use the yield curves issued by Aon Hewitt for United States dollars, euros and Swiss francs for discount rate assumptions. Previously, discount rates were based on a weighted blend of the Citigroup Pension Discount Curve (United States dollars), the Eurozone corporate yield curve (euros) and Federation bonds yield curve (Swiss francs). The changes were consistent with the decision of the United Nations Task Force on Accounting Standards to harmonize the actuarial assumptions across the United Nations system.

110. As at 31 December 2017, the salary increase assumptions for staff in the Professional category were 8.5 per cent for the age of 23 and grading down to 4.0 per cent for the age of 70. The salaries of staff in the General Service category were assumed to increase by 6.8 per cent for the age of 19, grading down to 4.0 per cent at the age of 65. Those assumptions were retained for the roll-forward to 30 June 2018.

111. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2017 were updated to include escalation rates for future years. As at 31 December 2017, these escalation rates were a flat health-care yearly escalation rate of 4.0 per cent (2016: 4.0 per cent) for non-United States medical plans, health-care escalation rates of 5.7 per cent (2016: 6.0 per cent) for all other medical plans, except 5.5 per cent (2016: 5.7 per cent) for the United States Medicare plan and 4.8 per cent (2016: 4.9 per cent) for the United States dental plan, grading down to 3.85 per cent (2016: 4.5 per cent) over 10 years.

112. With regard to valuation of repatriation benefits as at 30 June 2018, inflation in travel costs was assumed to be 2.20 per cent (2016/17: 2.25 per cent) on the basis of the projected United States inflation rates over the next 20 years.

113. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1–3 years – 10.9 per cent; 4–8 years – 1.0 per cent; and more than 8 years – 0.5 per cent, up to the maximum 60 days. This assumption was maintained for the roll-forward of peacekeeping accounts.

114. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. Mortality assumptions for

appendix D/workers' compensation are based on World Health Organization statistical tables.

Movement in employee benefits liabilities accounted for as defined-benefits plans

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Net defined-benefit liability at 1 July	1 756 938	1 663 547
Current service cost	124 113	120 669
Interest cost	65 465	60 741
Benefits paid	(46 484)	(51 463)
Total net costs recognized in the statement of financial performance	143 094	129 947
Actuarial (gain)/losses recognized directly in the statement of changes in net assets ^a	(252 109)	(36 556)
Net defined-benefit liability at 30 June	1 647 923	1 756 938

^a Cumulative amount of actuarial gains and losses recognized in the statement of changes in net assets is a net gain of \$123.9 million (2016/17: net loss of \$128.2 million).

Discount rate sensitivity analysis

115. Should the discount rate assumption vary by 0.5 per cent, its impact on the obligations would be as shown below.

(Thousands of United States dollars)

	After-service health insurance	Repatriation benefits	Annual leave
30 June 2018			
Increase of discount rate by 0.5 per cent	(142 668)	(7 751)	(4 120)
As a percentage of end-of-year liability	(10)	(4)	(5)
Decrease of discount rate by 0.5 per cent	193 003	8 893	4 430
As a percentage of end-of-year liability	14	5	5
30 June 2017			
Increase of discount rate by 0.5 per cent	(129 958)	(9 357)	(5 518)
As a percentage of end-of-year liability	(9)	(4)	(5)
Decrease of discount rate by 0.5 per cent	171 717	10 464	6 426
As a percentage of end-of-year liability	12	5	5

Medical cost sensitivity analysis

116. 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 due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. 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.

(Thousands of United States dollars)

	30 June 2018		30 June 2017	
	Increase	Decrease	Increase	Decrease
0.5 per cent movement in the assumed medical cost trend rates				
Effect on the after-service health insurance defined-benefit liabilities	178 833	(134 379)	175 423	(132 802)
Effect on the aggregate of the current service cost and interest cost	18 588	(13 561)	20 052	(15 184)

Other defined-benefit plan information

117. 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)

	After-service health insurance	Repatriation benefits	Annual leave	Total
30 June 2018	19 036	19 188	8 260	46 484
30 June 2017	18 157	23 246	10 060	51 463

Historical information: total after-service health insurance, annual leave and repatriation defined-benefits liability, as at 30 June

(Thousands of United States dollars)

	2017	2016	2015	2014	2013
Present value of defined-benefit obligations	1 756 938	1 663 547	1 507 334	1 346 846	1 183 133

Accrued salaries and allowances

118. Other accrued salaries liabilities as at the reporting date include accruals for home leave of \$24.1 million (2016/17: \$23.2 million), repatriation and resettlement allowances of \$6.5 million (2016/17: \$9.4 million), family visits of \$0.5 million (2016/17: \$0.9 million), compensatory time off of \$1.9 million (2016/17: \$2.1 million) and other accrued salaries and other benefits of \$7.5 million (2016/17: \$7.1 million).

Fund for peacekeeping compensation payments: appendix D/workers' compensation

119. The fund for peacekeeping compensation payments relates to the payment of compensation with respect to death, injury or illness attributable to the performance of official duties. The rules governing the compensation payments are under appendix D to the Staff Rules. The fund allows the peacekeeping operations to continue to fulfil their obligation to make compensation payments for death, injury or illness incurred while serving in a peacekeeping mission well after the mandate of the mission has ended and the mission has been liquidated.

120. The fund derives its revenue from a charge of 0.5 per cent of net base salary, including post adjustment, which is recorded as employee expenses against the budgets of the peacekeeping missions. The fund covers appendix D claims submitted

by peacekeeping personnel, covering monthly death and disability benefits and lump sum payments for injury or illness as well as medical expenses.

121. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are increased for cost-of-living allowance, decreased for mortality and then discounted to present value. Obligations as at 30 June 2018, estimated at \$41.8 million, are based on a roll forward of the 31 December 2017 figures. The cost-of-living adjustment and the discount rate are the same as those that have been used in the 31 December 2017 actuarial valuation of the United Nations Joint Staff Pension Fund, which are 2.20 per cent and 3.83 per cent, respectively.

122. Like defined-benefit liabilities, the Aon Hewitt yield curves were used in determining the 31 December 2017 obligation, which is a change from last year where the Citigroup Pension Discount Curve was used. The discount curves are strongly correlated with bonds markets, which have been volatile over the past few years. 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.

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Increase of cost-of-living adjustment by 1 per cent	6 414	5 970
As a percentage of end-of-year liability	15	15
Decrease of cost-of-living adjustment by 1 per cent	(5 136)	(5 165)
As a percentage of end-of-year liability	(12)	(13)
Increase of discount rate by 1 per cent	(4 858)	(5 165)
As a percentage of end-of-year liability	(12)	(12)
Decrease of discount rate by 1 per cent	6 147	4 662
As a percentage of end-of-year liability	15	12

United Nations Joint Staff Pension Fund

123. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Pension 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.

124. The financial obligation of the United Nations peacekeeping operations to the Pension Fund consists of the mandated contribution, at the rate established by the General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked 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 remedying this deficiency with an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

125. The actuarial valuation performed as at 31 December 2017 revealed an actuarial deficit of 0.05 per cent (deficit of 0.72 per cent in the 2013 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2017 was 23.75 per cent of pensionable remuneration, compared with the actual contribution rate of 23.70 per cent.

126. At 31 December 2017, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 145.1 per cent (127.5 per cent in the 2013 valuation). The funded ratio was 102.7 per cent (91.20 per cent in the 2013 valuation) when the current system of pension adjustments was taken into account.

127. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2017, for deficiency payments under article 26 of the Regulations of the Pension Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. 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.

128. The Board of Auditors carries out an annual audit of the United Nations Joint Staff 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).

Termination benefits

129. The United Nations peacekeeping operations had no liabilities for termination benefits as at the reporting date (2016/17: none).

Impact of General Assembly resolutions on staff benefits

130. On 23 December 2015, the General Assembly adopted resolution [70/244](#), by which it approved certain changes to conditions of service and entitlements for all staff serving in the organizations of the United Nations common system, as recommended by the International Civil Service Commission. Some of the changes that may affect the calculation of other long-term and end-of-service employee benefits liabilities are as follows.

<i>Change</i>	<i>Details</i>
Increase in mandatory age of separation	The mandatory age of retirement for staff that joined the Organization on or after 1 January 2014 is 65. For those that joined before 1 January 2014, the mandatory age of separation has been raised from 60 or 62 years to 65 years from 1 January 2018. This change is expected to affect future calculations of employee benefits liabilities.
Unified salary structure	The unified salary scale for internationally recruited staff (Professional and Field Service) went into effect on 1 January 2017. Previously, the salary scales were based on single or dependency rates. Those rates affected staff assessment and post adjustment amounts. The unified salary scale resulted in the elimination of single and dependency rates and the dependency rate was replaced by allowances for staff members who have recognized dependants in accordance with the Staff Regulations and Rules of the United Nations. A revised staff assessment scale and pensionable remuneration scale was implemented along with the unified salary

<i>Change</i>	<i>Details</i>
	structure. The change in the salary scale did not result in reduced payments for staff members. However, it is expected to affect the future valuation of the repatriation benefit and the commuted annual leave benefit.
Repatriation benefit	Staff members are eligible for a repatriation grant upon separation provided they have been in service for at least one year in a duty station outside of their country of nationality. The General Assembly has since revised eligibility for the repatriation grant from one year to five years for prospective employees, while current employees retain the one-year eligibility. This change in eligibility criteria has already been implemented effective 1 January 2017 and is expected to affect future calculations of employee benefits liabilities.
Education grant	With effect from the school year in progress on 1 January 2018, the computation of the education grant given to eligible staff members utilizes a global sliding scale that is set in one single currency (United States dollar), with the same maximum amount of the grant for all countries. In addition, this revised education grant scheme also changes boarding assistance and education grant travel provided by the Organization. Impacts can be seen at the end of the 2017/18 school year and at the time of settlements.

131. The impact of these changes, other than the education grant, has been fully reflected in the actuarial valuation conducted as at 31 December 2017.

Note 17 **Provisions**

132. The peacekeeping missions are subject to a variety of claims that arise in the course of their operations. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, several commercial claims for non-performance or breach of contract and non-consensual use of premises were pending against several peacekeeping operations in various locations. As at 30 June 2018, the amount to settle these cases was estimated at \$9.8 million (2016/17: \$18.4 million), including \$5.8 million (2016/17: \$13.3 million) carried over from the prior year. A provision of \$1.7 million (2016/17: \$0.8 million) was established for administrative cases brought by current or former employees.

133. The total provision amount of \$16.1 million (2016/17: \$24.0 million) includes restoration provisions of \$4.5 million (2016/17: \$4.8 million) to return premises to their original shape and condition upon vacation of the premises. The restoration provisions consist of \$3.9 million carried over from the prior year.

134. Provisions have been made in the amount of \$200.5 million (2016/17: \$266.0 million) for credits to Member States, the disposal of which will be decided by the General Assembly in the next fiscal year. The credits comprise uncommitted appropriations of \$72.7 million (2016/17: \$105.2 million), investment revenue of \$30.0 million (2016/17: \$25.7 million), other revenue and prior-period adjustment of \$10.8 million (2016/17: \$13.0 million) and cancellation of prior-period obligations amounting to \$87.0 million (2016/17: \$122.1 million.)

(Thousands of United States dollars)

	<i>Credits to Member States</i>	<i>Claims and restoration</i>	<i>Total</i>
Provisions as at 1 July 2016	526 396	29 402	555 798
Additional provisions made	266 007	5 747	271 754
Unused amounts reversed	(23 979)	(10 653)	(34 632)
Amounts used	(461 638)	(519)	(462 157)
Provisions as at 30 June 2017	306 786	23 977	330 763
Additional provisions made	200 460	6 303	206 763
Unused amounts reversed	(12 948)	(12 710)	(25 658)
Amounts used	(293 838)	(1 495)	(295 333)
Provisions as at 30 June 2018	200 460	16 075	216 535

Note 18

Other liabilities

(Thousands of United States dollars)

	<i>30 June 2018</i>	<i>30 June 2017</i>
Borrowings (see note 25)	47 376	47 376
Other liabilities	11 917	13 087
Total other liabilities	59 293	60 463

Note 19

Accumulated surpluses/deficits

135. The unrestricted accumulated surplus includes the accumulated deficit for liabilities for after-service health insurance, repatriation benefits and annual leave.

Accumulated surplus: strategic deployment stock activities

136. The General Assembly, in its resolution [56/292](#), authorized the purchase of strategic deployment stocks. In his report on the concept of strategic deployment stocks and its implementation ([A/56/870](#)), the Secretary-General stated that once items had been deployed or rotated, the Secretariat would replenish them by charging the replacement costs to the budget of the mission that received them. In order to account for the replenishment of strategic deployment stocks, a separate revolving fund has been established where all such transactions are recorded; the activities of the revolving fund are reported in the financial statements of UNLB.

137. The cumulative surplus at the end of the financial year, which incorporates such items as timing differences between the recording of transfers and the actual replenishment of strategic deployment stocks, is carried over to the next financial year.

Accumulated surplus: restricted

138. In its resolution [57/323](#), the General Assembly decided to suspend the provisions of financial regulation 5.5 for certain missions in the light of the cash shortages of those missions. The missions with continuing cash shortages and for which the provisions of financial regulation 5.5 have been suspended are UNSMIH, UNTMIH, MIPONUH, MINURCA, MINUGUA, UNOSOM and UNTAC; the

accumulated surpluses of these closed missions are therefore presented in the statement of financial position as restricted.

Note 20 Reserves

Peacekeeping Reserve Fund

139. The Peacekeeping Reserve Fund was established as a cash flow mechanism to support the rapid response of peacekeeping operations to meet expenses and capital requirements for the start-up or expansion of peacekeeping operations. During the current financial period, the Peacekeeping Reserve Fund has not provided any new loans (2016/17: none).

140. As at the reporting date, outstanding advances in an amount of \$12.8 million were due from MINURCA (2016/17: \$12.8 million), which have been outstanding since February 2000 owing to insufficient cash resources in the mission.

141. As at the reporting date, the Peacekeeping Reserve Fund had reserves of \$150.0 million (2016/17: \$150.0 million) and a cumulative surplus of \$2.9 million (2016/17: \$2.0 million), representing investment revenue and foreign exchange gains of \$2.0 million for the period ended 30 June 2018 and \$0.9 million for the period ended 30 June 2017. The latter amount will be applied to meet the requirements of the support account for peacekeeping operations for 2018/19. The cumulative surplus of \$2.0 million related to the period ended 30 June 2018 is available for future utilization as directed by the General Assembly.

Note 21 Revenue from non-exchange transactions and other revenues

Assessed contributions

142. Assessed contributions of \$7,285.7 million (2015/16: \$7,853.5 million) have been recorded in accordance with the Financial Regulations and Rules, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the peacekeeping scale of assessment.

Voluntary contributions

143. Revenue from in-kind contributions represents confirmed contributions of goods, landing rights fees, airport fees, vehicle registration fees and permission to use facilities and premises. On the basis of fair rental value, a total of \$307.7 million (2016/17: \$292.7 million) representing facilities and premises was provided during the reporting period. Landing fees and other fees at airports totalling \$22.4 million (2016/17: \$23.0 million) and vehicle registration fees of \$1.9 million (2016/17: \$1.7 million) were waived. In addition, \$5.2 million in equipment was contributed by a Member State to UNMISS and a variety of goods were provided and fees waived amounting to \$0.5 million (2016/17: \$0.5 million), bringing total in-kind contributions to \$337.7 million (2016/17: \$317.9 million).

(Thousands of United States dollars)

	2017/18	2016/17
Voluntary monetary contributions (Member States)	24 844	24 977
Voluntary in-kind contributions (Member States)	337 696	317 962
Total voluntary contributions	362 540	342 939

144. In-kind contributions of services are not recognized and are therefore not included in the in-kind contributions revenue above. These comprise various fees for services that are usually charged. Such waived fees included airport passenger taxes of \$0.6 million (2016/17: \$0.7 million) and radio frequency fees of \$2.9 million (2016/17: \$1.7 million). There were no charges for other services during the year (2016/17: \$1.4 million).

Other transfers and allocations

145. The other transfers and allocations of \$0.7 (2016/17: \$0.7 million) represent the allocation from special political missions to RSCE.

Other revenue

146. Other revenue includes revenue from services rendered, rental income, sale of equipment and other miscellaneous income and allocations amounting to \$57.0 million (2016/17: \$48.5 million). Of this amount, revenue of \$8.8 million (2016/17: \$15.7 million) was generated from peacekeeping operations and \$48.2 million (2016/17: \$32.8 million) from the cost recovery fund. The revenue of \$8.8 million from peacekeeping operations is comprised of \$7.2 million for the sale of equipment and inventory and \$1.6 million for other miscellaneous income. The cost recovery revenue of \$48.2 million is comprised of \$28.4 million (2016/17: \$18.2 million) for fuel, facilities and logistical support provided to other United Nations agencies, Member States, non-governmental organizations and international agencies, and \$19.8 million (2016/17: \$14.6 million) to vendors and other external entities. Including the revenue of \$30.9 million (2016/17: \$8.3 million) for the services provided between peacekeeping missions and, accordingly, eliminated in the consolidated financial statements, the total revenue of the cost recovery fund was \$79.1 million (2016/17: \$41.1 million) (see para. 206).

Note 22

Financial instruments and the cash pool

Cash pool

147. In addition to directly held cash and cash equivalents and investments, the peacekeeping operations participate in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in United States dollars. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale and by virtue of the ability to spread yield curve exposures across a range of maturities. The allocation of main pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance.

148. As at 30 June 2018, the main pool held total assets of \$7,132.5 million (2016/17: \$7,527.7 million), of which \$1,414.4 million (2016/17: \$2,040.0 million) pertained to the peacekeeping operations. Their share of net income from the main pool was \$37.5 million (2016/17: \$29.1 million).

Financial instruments

(Thousands of United States dollars)

	<i>Note</i>	<i>30 June 2018</i>	<i>30 June 2017</i>
Financial assets			
Fair value through surplus or deficit			
Short-term investments – share of main pool		1 070 110	1 337 665
Long-term investments – share of main pool		256 407	422 502
Total assets at fair value through surplus or deficit		1 326 517	1 760 167
Loans and receivables			
Cash and cash equivalents – share of main pool	6	87 868	279 853
Cash and cash equivalents – other	6	886	1 023
Subtotal cash and cash equivalents		88 754	280 876
Assessed contributions	7	1 566 112	925 837
Voluntary contributions	8	–	–
Other receivables	9	34 213	43 894
Other assets (excludes deferred charges)	11	24 895	30 881
Total loans and receivables		1 713 974	1281 4881
Total carrying amount of financial assets		3 040 491	3 041 655
Total financial assets relating to assets held in the main pool		1 414 385	2 040 020
Financial liabilities at amortized cost			
Accounts payable – Member States	14	1 409 487	1 186 311
Accounts payable – other	14	798 715	790 157
Other liabilities (excludes borrowings)	18	11 917	13 087
Total liabilities at amortized cost		2 220 119	1 989 555
Summary of net income from financial assets			
Net main cash pool income		37 539	29 061
Other investment revenue		781	806
Total investment revenue		38 320	29 867

Financial risk management: overview

149. The peacekeeping operations have exposure to the following financial risks:

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk.

150. The present note provides information on the exposure of the peacekeeping operations to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Financial risk management: risk management framework

151. The risk management practices of the peacekeeping operations are in accordance with the Financial Regulations and Rules and the United Nations Investment Management Guidelines. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

152. 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.

153. An Investment Committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates to them. Other than those disclosed, the peacekeeping operations have not identified any further risk concentrations arising from financial instruments.

154. The peacekeeping operations define the capital that they manage as the aggregate of their net assets, which comprises accumulated fund balances and reserves. The objectives are to safeguard the ability of the operations to continue as a going concern and to fulfil the mandates of the peacekeeping missions. The peacekeeping operations manage their capital in the light of global economic conditions, the risk characteristics of the underlying assets and their current and future working capital requirements.

Financial risk management: credit risk

155. 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.

Credit risk: management

156. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main pool does not invest in derivative instruments such as asset-backed or mortgage-backed securities or in equity products.

157. The investment management function is centralized at United Nations Headquarters, and under normal circumstances missions are not permitted to engage in investing.

Credit risk: contributions receivable and other receivables

158. A large portion of contributions receivable is due from Member States and other United Nations entities that do not have significant credit risk. As at the reporting date, the peacekeeping operations did not hold any collateral as security for receivables (2016/17: none).

Credit risk: allowance for doubtful receivables

159. The peacekeeping operations evaluate the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the peacekeeping operation will not collect the full amount due. Balances credited to

the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received. The movement in the allowances account during the year is shown below.

(Thousands of United States dollars)

	2017/18	2016/17
Allowance for doubtful receivables as at 1 July	725 593	734 416
Amounts written off	(3 725)	(384)
Adjustments during the year	(15 077)	(8 439)
Allowance for doubtful receivables as at 30 June	736 945	725 593

160. On the basis of their monitoring of credit risk, the peacekeeping operations believe that, except as indicated, no impairment allowance is necessary in respect of receivables.

Credit risk: assessed contributions

161. The ageing and associated allowance of assessed contributions receivable are shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	2017/18		2016/17	
	Gross receivable	Allowance	Gross receivable	Allowance
Less than one year	1 185 568	–	664 765	–
One to two years	174 209	–	123 424	–
More than two years	804 643	598 308	723 833	586 185
Total	2 164 420	598 308	1 512 022	586 185

Credit risk: voluntary contributions and other receivables

162. The ageing and associated allowance of receivables other than assessed contributions are shown below.

Ageing of voluntary contributions and other receivables

(Thousands of United States dollars)

	2017/18		2016/17	
	Gross receivable	Allowance	Gross receivable	Allowance
Neither past due nor impaired	7 237	–	1 848	–
Less than one year	22 598	–	38 622	–
One to two years	5 069	1 268	3 624	906
Two to three years	1 441	864	1 765	1 059
More than three years	136 510	136 510	137 443	137 443
Total	172 855	138 642	183 302	139 408

Credit risk: cash and cash equivalents

163. The peacekeeping operations had cash and cash equivalents of \$88.8 million (2016/17: \$280.9 million) at the reporting date, which is the maximum credit exposure on these assets.

Credit risk: cash pool investments

164. The Investment Management Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. For the current and prior years, these requirements were met at the time the investments were made. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor's Financial Services, Moody's Investors Service and Fitch Ratings are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits.

Investments of the main pool by credit ratings as at year-end

<i>Investment</i>	<i>Ratings as at 30 June 2018</i>	<i>Ratings as at 30 June 2017</i>
Bonds (long-term ratings)	S&P: 15.4% AAA, 79.0% AA+/AA/AA- and 5.6% A+; Fitch: 55.1% AAA, 39.3% AA/AA- and 5.6% not rated by Fitch; Moody's: 49.6% Aaa and 50.4% Aa1/Aa2/Aa3	S&P: 30.1% AAA, 66.1% AA+/AA/AA- and 3.8% A+; Fitch: 65.8% AAA, 26.6% AA+/AA/AA- and 7.6% A+; Moody's: 52.6% Aaa and 47.4% Aa1/Aa2/Aa3
Commercial papers (short-term ratings)	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100% P-1	None
Reverse repurchase agreements (short-term ratings)	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100.0% P-1	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100.0% P-1
Term deposits (Fitch viability ratings)	Fitch: 55.1% aa/aa- and 44.9% a+/a/a-	Fitch: 49.2% aa/aa- and 50.8% a+/a/a-
Certificates of deposit (short-term ratings)	None	S&P: 100.0% A-1; Fitch: 100.0% not rated by Fitch Moody's: 100.0% P-1

165. The United Nations Treasury actively monitors credit ratings and, given that it has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Financial risk management: liquidity risk

166. Liquidity risk is the risk that the peacekeeping operations may not have adequate funds to meet their obligations as they fall due. The approach to managing liquidity

is to ensure that an operation 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 reputation of the peacekeeping operations.

167. The Financial Regulations and Rules require that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to assessed contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

168. The peacekeeping operations perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure 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 peacekeeping operations maintain a large portion of their investments in cash equivalents and short-term investments sufficient to cover their commitments as and when they fall due.

Liquidity risk: cash pool investments

169. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within one day's notice to support operational requirements. Main pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

170. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. At the reporting date, the peacekeeping operations had not pledged any collateral for any liabilities or contingent liabilities (2016/17: none), and during the year no accounts payable or other liabilities were forgiven by third parties (2016/17: none). Maturities for financial liabilities based on the earliest date at which the peacekeeping operations can be required to settle each financial liability are shown below.

Maturities for financial liabilities, undiscounted

(Thousands of United States dollars)

	<3 months	3 to 12 months	>1 year	Total
As at 30 June 2018				
Accounts payable and accrued payables	2 208 202	—	—	2 208 202
Other liabilities	11 917	—	—	11 917
Total as at 30 June 2018	2 220 119	—	—	2 220 119
As at 30 June 2017				
Accounts payable and accrued payables	1 976 468	—	—	1 976 468
Other liabilities	13 087	—	—	13 087
Total as at 30 June 2017	1 989 555	—	—	1 989 555

Financial risk management: market risk

171. 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 revenue of the peacekeeping operations or the value of their financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the fiscal position.

Market risk: currency risk

172. 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 peacekeeping operations have transactions, assets and liabilities in currencies other than in their functional currency and are exposed to currency risk arising from fluctuations in currency exchange rates.

173. Non-United States dollar holdings have the primary objective of supporting local operating activities in mission countries. The peacekeeping operations maintain a minimum level of assets in local currencies and, whenever possible, maintain bank accounts in United States dollars. Some cash is held in currencies that are either legally restricted or not readily convertible to United States dollars and used exclusively for local expenses in the respective countries.

174. The peacekeeping operations mitigate currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes. Given that the main pool is predominantly denominated in United States dollars, it has low currency risk and, in conjunction with the low risk of other financial instruments, the peacekeeping operations consider currency risk to be low (2016/17: currency risk considered to be low).

Market risk: interest rate risk

175. Interest rate risk is the risk of variability in fair values or future cash flows of financial instruments owing to changes 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, expressed in years. The longer the duration, the greater the interest rate risk.

176. Fixed-rate cash, cash equivalents and investments are the interest-bearing financial instruments of the peacekeeping operations. The main pool comprises their main exposure to interest rate risk. As at the reporting date, the main pool was invested primarily in securities with shorter terms to maturity, with the maximum being less than 4 years (2016/17: less than 5 years). The average duration of the main pool was 0.48 years (2016/17: 0.70 years), which is considered to be an indicator of low risk.

Market risk: cash pool interest rate risk sensitivity analysis

177. The cash pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. As these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease of the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	-150	-100	-50	0	50	100	150	200
Increase/(decrease) in fair value									
Main pool total: 30 June 2018	66.4	49.8	33.2	16.6	–	(16.6)	(33.2)	(49.7)	(66.3)
Main pool total: 30 June 2017	103.2	77.4	51.6	25.8	–	(25.8)	(51.6)	(77.3)	(103.1)

Market risk: other

178. The main pool is not exposed to significant other market price risk, as it does not sell short or borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

179. All investments are reported at fair value through surplus and deficit. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Fair value hierarchy

180. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

181. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the main pool is the current bid price.

182. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximize the use of observable market data. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.

183. The following fair-value hierarchy presents the main pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets or any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy

(Thousands of United States dollars)

	30 June 2018			30 June 2017		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Main pool financial assets at fair value through surplus or deficit						
Bonds – corporate	205 132	–	205 132	499 529	–	499 529
Bonds – non-United States agencies	786 785	–	786 785	1 191 278	–	1 191 278
Bonds – non-United States sovereigns	–	–	–	124 816	–	124 816
Bonds – supranationals	173 502	–	173 502	213 833	–	213 833
Bonds – United States Treasury	605 729	–	605 729	589 482	–	589 482
Discounted instruments	274 073	–	274 073	–	–	–
Term deposits/certificates of deposit	–	4 620 000	4 620 000	–	3 850 013	3 850 013
Total	2 045 221	4 620 000	6 665 221	2 618 938	3 850 013	6 468 951

Note 23

Expenses

Employee salaries, allowances and benefits

184. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. 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)

	2017/18	2016/17
Salary, wages and other entitlements	1 512 932	1 539 969
Pension and insurance benefits	380 310	363 484
Repatriation benefits	22 231	16 641
Leave benefits	19 917	16 800
Total employee salaries, allowances and benefits	1 935 390	1 936 894

Contingent contracted services

185. Expenses for contingent contracted services comprise reimbursements to troop and formed police unit contributing countries for personnel, equipment and self-sustainment services. The reimbursements are made at predetermined standard rates based on person/month and the generic types of equipment.

(Thousands of United States dollars)

	2017/18	2016/17
Contingent troop and police costs	1 530 960	1 563 965
Contingent-owned equipment and self-sustainment	994 963	998 771
Contingent emplacement and rotation	121 415	117 011
Total contingent contracted services	2 647 338	2 679 747

Non-employee compensation and allowances

186. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and benefits, military observers and United Nations police mission subsistence and other compensation and allowances and consultant and contractors' fees.

(Thousands of United States dollars)

	2017/18	2016/17
United Nations Volunteers	68 289	87 556
Military observers	57 949	72 994
United Nations police	158 161	208 899
Consultants and other contractors	79 281	103 913
Other	12 608	13 770
Total non-employee compensation and allowances	376 288	487 132

Grants and other transfers

187. Grants and other transfers include outright grants to implementing agencies, partners and other entities for quick-impact projects. The allocation to direct support costs represents contributions to the Umoja-related expense, the administration of internal justice expense and the implementation of the global service delivery model.

(Thousands of United States dollars)

	2017/18	2016/17 ^a
Quick-impact projects	12 776	19 329
Transfers to implementing partners	9 182	4 435
Allocation to direct support costs	28 577	19 518
Total grants and other transfers	50 535	43 282

^a An amount of \$4.4 million has been reclassified from quick-impact projects to transfers to implementing partners in order to conform with the current presentation.

Supplies and consumables

188. Supplies and consumables include acquisition of fuel, rations, office supplies, spare parts, medical supplies and general maintenance supplies.

(Thousands of United States dollars)

	2017/18	2016/17
Fuel and lubricants	370 273	381 087
Rations	351 689	386 044
Spare parts and consumables	40 162	50 652
Write-off of inventory	1 797	856
Total supplies and consumables	763 921	818 639

Travel

189. Travel expenses relate to travelling costs such as transportation, allowances and other related costs for staff, consultants and non-staff.

(Thousands of United States dollars)

	2017/18	2016/17
Staff travel	34 426	44 816
Representative travel	417	1 187
Total travel	34 843	46 003

Self-insurance claims and expenses

190. Self-insurance claims and expenses in the amount of \$2.2 million (2016/17: \$2.0 million) relate to appendix D payments.

Other operating expenses

191. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for doubtful receivables and expenses related to mine action.

(Thousands of United States dollars)

	2017/18	2016/17
Air transport	534 395	563 126
Ground transport	649	4 367
Naval transport	26 334	29 141
Communications and information technology	188 205	167 454
Facilities	72 352	82 779
Mine action services	167 345	180 446
Other contracted services	186 651	189 850
Acquisitions of goods	73 403	63 092
Acquisitions of intangible items	11 375	16 722
Rent – offices, premises and equipment	46 507	54 187
Maintenance and repair	47 146	64 126
Other	52 742	36 030
Total other operating expenses	1 407 104	1 451 320

Other expenses

192. Other expenses include contributions in kind, hospitality and official functions, and ex gratia and compensation claims.

(Thousands of United States dollars)

	2017/18	2016/17
Contributions in kind	332 044	317 477
Ex gratia and compensation claims	116	725
Other	195	96
Total other expenses	332 355	318 298

Note 24

Credits to Member States

193. Total provisions made for credits to Member States are \$200.5 million (2016/17: \$266.0 million), comprised of unencumbered appropriation of \$72.7 million (2016/17: \$105.2 million), investment revenue of \$30.0 million (2016/17: \$25.7 million), other revenue and prior-period adjustment of \$10.8 million (2016/17: \$13.0 million) and the cancellation of prior-period commitments amounting to \$87.0 million (2016/17: \$122.1 million). Unused credits to Member States from prior years reversed this year amount to \$13.0 million (2016/17: \$24.0 million). The total expense for credits to Member States is \$187.5 million (2016/17: \$242.0 million).

Note 25

Related parties

Key management personnel

194. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the peacekeeping operations. The key management personnel group for peacekeeping operations comprises the Secretary-General, the Deputy Secretary-General and selected officials at the Under-Secretary-General, Assistant Secretary-General and Director levels within the Department of Peacekeeping Operations, the Department of Field Support and the Department of Management. These persons have the relevant authority and responsibility for planning, directing and controlling the activities of the peacekeeping operations.

195. The aggregate remuneration paid to 11 (full-time equivalent) key management personnel (2016/17: 12) includes gross salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

(Thousands of United States dollars)

	2017/18	2016/17
Key management personnel		
Salary and post adjustment	3 368	3 370
Other monetary entitlements	922	1 366
Non-monetary benefits	1 200	1 200
Total key management personnel remuneration	5 490	5 936

196. A residence is provided to the Secretary-General free of charge and the annual rental fair value equivalent of this property is \$1.2 million (2016/17: \$1.2 million). A family member of key management personnel was employed by the Organization

(2016/17: none). An amount of \$0.01 million (2016/17: \$0.113 million) was transacted by the United Nations Secretariat with close family members in the year.

197. Advances made to key management personnel are those made against entitlements in accordance with the Staff Rules and Staff Regulations; such advances against entitlements are widely available to all staff.

Trust fund activities related to peacekeeping operations

198. The following peacekeeping-related funds, which augment the activities of the peacekeeping operations, are structured as trust funds and, accordingly, appear in the financial statements of the United Nations. The reserves and fund balances of these related trust funds as at the year-end are shown below.

Activities related to peacekeeping operations funded by trust funds: reserves and fund balances

(Thousands of United States dollars)

	2017/18	2016/17
Trust fund in support of the delimitation and demarcation of the Ethiopia/Eritrea border	1 478	1 454
Trust fund for Somalia – unified command	408	401
Trust fund in support of the implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	8	8
Trust fund for the police assistance programme in Bosnia and Herzegovina	322	316
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 359	2 696
Trust fund in support of the Department of Peacekeeping Operations	102 240	62 728
Trust fund to support the peace process in the Democratic Republic of the Congo	2 402	2 693
Trust fund to support the United Nations Interim Administration in Kosovo	1 097	1 079
Trust fund to support the Ituri Pacification Commission	7	7
Trust fund in support of the peace process in the Sudan	719	707
Trust fund for the African Union-United Nations joint mediation support team for Darfur	6 821	7 099
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 751	1 722
Trust fund to support lasting peace in Darfur	388	382
Trust fund in support of the African Union Mission in Somalia	14 480	22 115
Trust fund in support of the African-led International Support Mission in Mali	607	22 814
Trust fund in support of peace and security in Mali	42 693	24 391
Trust fund for the United Nations Operation in Côte d'Ivoire	168	166
Trust fund in support of peace and security in Libya	46	45
Trust fund in support of the political transition in Haiti	636	841
Trust fund in support of the elimination of Syrian chemical weapons	446	426
Trust fund in support of the African-led International Support Mission in the Central African Republic	202	200
Total	179 278	152 290

Peacekeeping-related operations funded by the regular budget

199. Shown below are peacekeeping-related operations that are funded by the regular budget and appear in the financial statements of the United Nations.

Peacekeeping-related operations funded by the regular budget

(Thousands of United States dollars)

	<i>Appropriation^a</i>	<i>Expenditure on a budget basis</i>	<i>Unencumbered balance</i>
Year ended 30 June 2018			
Department of Peacekeeping Operations			
Executive direction and management	1 278	399	879
Programme of work	8 521	2 130	6 391
Programme support	697	83	614
Department of Field Support			
Executive direction and management	2 096	522	1 574
Programme of work	6 195	1 623	4 572
Peacekeeping missions funded by the regular budget			
UNTSO	67 161	17 817	49 344
UNMOGIP	19 754	5 557	14 197
Total	105 702	28 131	77 571
Year ended 30 June 2017			
Department of Peacekeeping Operations			
Executive direction and management	1 285	1 265	20
Programme of work	8 512	6 254	2 258
Programme support	974	539	435
Department of Field Support			
Executive direction and management	1 105	1 632	(527)
Programme of work	7 282	4 648	2 634
Peacekeeping missions funded by the regular budget			
UNTSO	68 197	51 139	17 058
UNMOGIP	22 294	15 964	6 330
Total	109 649	81 441	28 208

^a For the biennium 2018–2019 in accordance with resolution 72/263 A.

Related entity transactions

200. In the ordinary course of business, in order to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and subsequently settled. No interest is levied on inter-entity balances.

Payable to the United Nations General Fund

201. The peacekeeping operations have a payable due to the United Nations General Fund in the amount of \$47.4 million (2016/17: \$47.4 million), of which \$37.4 million relates to ONUC and \$10.0 million relates to UNEF. Those missions closed on 30 June 1964 and 30 June 1967, respectively.

United Nations peacekeeping operations: balances reflected in the Tax Equalization Fund

202. The financial statements of the peacekeeping operations report employee benefits expenses on a net-of-tax basis. The tax liabilities relating to peacekeeping operations are reported separately as part of the Tax Equalization Fund in the financial statements of the United Nations, which has a 31 December financial reporting date.

203. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members whatever their national tax obligations. The Fund operationally reports as income, staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations, the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals.

204. The Fund includes as expenditure the credits against the regular budget, peacekeeping, the International Residual Mechanism and the international tribunals with respect to the assessments of 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 for taxes paid on their United Nations income. Such reimbursements for taxes paid are partially reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Since the Organization acts as an agent in this arrangement, net of the related revenue and expenses is reported as a payable in these financial statements.

205. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2017 was \$67.3 million (2016: \$46.9 million), consisting of amounts payable to the United States of America at year-end of \$23.03 million (2016: \$13.1 million) and to other Member States of \$44.3 million (2016: \$33.8 million). The amount payable to the United States at year-end 2017 includes approximately \$10.8 million (2016: \$6.1 million) relating to the peacekeeping operations. The overall amount payable by the Fund is \$88.6 million (2016: \$74.8 million), which includes an estimated tax liability of \$21.3 million relating to the 2017 and prior tax years (2016: \$27.9 million), of which approximately \$0.3 million was disbursed in January 2018 and approximately \$20.9 million was settled in April 2018.

Peacekeeping cost recovery fund

206. Services provided to other United Nations agencies and the troop contributing countries and other Member States amounted to \$19.1 million and \$8.7 million, respectively.

United Nations peacekeeping operations as reported in volume II
Notes to the 2017/18 financial statements (continued)

(Thousands of United States dollars)

	Other United Nations agencies	Troop- contributing countries and other Member States	Non- governmental organizations and international agencies	Vendors	Other external entities	Between peacekeeping missions	Total
Fuel	6 642	521	108	3 676	792	3 699	15 438
Logistical support – air transport	3 526	6 400	–	2 188	681	3 465	16 260
Logistical support – ground transport	548	255	55	12	138	178	1 186
Communications and information technology support	1 687	127	30	42	6 350	10 614	18 850
Building maintenance and utilities	5 081	1 122	160	930	2 124	3 526	12 943
Medical services	570	56	160	350	173	21	1 330
Staff services	–	–	–	–	55	5 937	5 992
Other services	1 092	194	75	544	1 740	3 486	7 131
Total other revenue	19 146	8 675	588	7 742	12 053	30 926	79 130

Note 26
Commitments

Lease commitments

207. The peacekeeping operations enter into operating leases for the use of land, permanent and temporary buildings and equipment. The total lease payments recognized in expenditure for the year was \$42.4 million (2016/17: \$50.4 million). Future minimum lease payments under non-cancellable arrangements are shown below.

(Thousands of United States dollars)

	30 June 2018	30 June 2017
Less than 1 year	15 190	17 801
1 to 5 years	30 885	31 811
Over 5 years	5 769	9 511
Total minimum lease commitments	51 844	59 123

Contractual commitments

208. As at the reporting date, commitments for goods and services contracted but not delivered amounted to \$295.4 million (2016/17: \$335.5 million).

Note 27
Contingent liabilities and contingent assets

Contingent liabilities

209. Owing to the uncertainty of the outcome of some claims, the occurrence, amount and/or timing of outflow cannot be reliably estimated and no provision is recognized. Contingent liabilities are disclosed for pending claims when the probability of outcome cannot be determined and the amount of loss cannot be reasonably estimated. As at 30 June 2018, the estimated value of contingent liabilities relating to

commercial claims and other claims of a private-law nature totalled \$38.0 million (2016/17: \$57.0 million).

210. Similarly, no provision for loss is recorded for administrative law claims where the outcome is determined to be unpredictable and potential outflow uncertain. These cases concern, in most part, appointment-related matters, benefits and entitlements, and separation from service. The estimated outflow for such cases, as at 30 June 2018, was \$4.4 million (2016/17: \$2.2 million) including an amount of \$1.4 million (2016/17: \$0.6 million) carried over from the previous reporting period and an additional amount of \$3.0 million (2016/17: \$1.6 million) for cases filed during the course of the current year.

Contingent assets

211. In accordance with IPSAS 19, the United Nations 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 30 June 2018, there were no material contingent assets likely to result in a significant economic inflow to the organization (2016/17: none).

Note 28

Events after the reporting date

212. There were no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

Annex I

Financial reporting by mission

Statement of financial position as at 30 June 2018: active missions

(Thousands of United States dollars)

	<i>UNFICYP</i>	<i>UNDOF</i>	<i>UNIFIL</i>	<i>MINURSO</i>	<i>UNMIK</i>	<i>MONUSCO</i>	<i>UNMIL</i>	<i>MINUSTAH/ MINUJUSTH</i>
Assets								
Cash and cash equivalents	488	416	9 040	74	218	8 998	745	727
Investments	6 824	5 877	135 566	806	3 067	134 181	11 264	10 766
Assessments receivable	14 922	19 435	50 723	45 389	28 734	253 959	18 551	48 693
Other receivables	207	66	1 842	408	27	5 397	1 057	1 659
Inventories	2 113	3 321	14 022	4 368	1 448	36 379	–	18 441
Property, plant and equipment	4 114	37 775	93 296	10 357	2 055	101 344	–	31 586
Other assets	25	36	507	12	56	1 607	882	2 512
Total assets	28 693	66 926	304 996	61 414	35 605	541 865	32 499	114 384
Liabilities								
Accounts payable	7 177	14 548	123 618	5 393	2 293	394 715	23 828	51 153
Total employee benefits	178	202	927	423	621	5 164	897	1 168
Other liabilities and provisions	638	1 714	4 527	12 086	28 379	16 594	7 942	10 076
Total liabilities	7 993	16 464	129 072	17 902	31 293	416 473	32 667	62 397
Net of total assets and total liabilities	20 700	50 462	175 924	43 512	4 312	125 392	(168)	51 987
Net assets								
Accumulated surplus (deficit) – unrestricted	20 700	14 475	156 359	43 512	4 312	125 392	(168)	51 987
Accumulated surplus (deficit) – restricted	–	35 987	19 565	–	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	20 700	50 462	175 924	43 512	4 312	125 392	(168)	51 987

Statement of financial performance for the year ended 30 June 2018: active missions

(Thousands of United States dollars)

	<i>UNFICYP</i>	<i>UNDOF</i>	<i>UNIFIL</i>	<i>MINURSO</i>	<i>UNMIK</i>	<i>MONUSCO</i>	<i>UNMIL</i>	<i>MINUSTAH/ MINUJUSTH</i>
Assessed contributions	32 605	61 299	513 534	55 591	40 294	1 220 705	116 954	183 801
Voluntary contributions/other transfers and allocations	25 941	822	4 973	4 243	89	22 630	490	2 562
Investment revenue	219	177	3 501	109	63	3 927	679	438
Other revenues	190	41	254	391	123	381	1 853	3 898
Total revenues	58 955	62 339	522 262	60 334	40 569	1 247 643	119 976	190 699
Employee salaries, allowances and benefits	15 149	14 010	90 976	19 005	27 128	265 777	54 063	57 203
Contingent contracted services	19 169	26 961	304 533	960	–	465 642	14 462	48 641
Other expenses	23 573	19 654	125 492	37 627	12 089	551 372	78 681	94 736
Credits to Member States	(457)	543	4 484	1 082	1 484	11 752	5 703	7 882
Total expenses	57 434	61 168	525 485	58 674	40 701	1 294 543	152 909	208 462
Surplus/(deficit) for the year	1 521	1 171	(3 223)	1 660	(132)	(46 900)	(32 933)	(17 763)

Statement of financial position as at 30 June 2018: active missions (concluded)

(Thousands of United States dollars)

	<i>UNAMID</i>	<i>UNSOS</i>	<i>UNISFA</i>	<i>UNMISS</i>	<i>MINUSMA</i>	<i>MINUSCA</i>	<i>Total</i>
Assets							
Cash and cash equivalents	3 654	1 253	1 514	5 119	17 046	8 618	57 910
Investments	53 797	18 469	22 278	73 504	255 858	129 099	861 356
Assessments receivable	212 739	203 744	84 954	285 665	92 859	203 685	1 564 052
Other receivables	358	134	173	785	895	1 886	14 894
Inventories	70 237	49 452	11 379	71 034	51 312	35 646	369 153
Property, plant and equipment	266 876	176 631	80 490	215 644	294 203	161 064	1 475 435
Other assets	1 527	550	240	5 866	2 132	11 418	27 371
Total assets	609 188	450 233	201 028	657 617	714 305	551 416	4 370 171

	<i>UNAMID</i>	<i>UNSOS</i>	<i>UNISFA</i>	<i>UNMISS</i>	<i>MINUSMA</i>	<i>MINUSCA</i>	<i>Total</i>
Liabilities							
Accounts payable	235 882	138 285	90 145	348 371	305 354	244 313	1 985 075
Total employee benefits	6 204	1 655	634	5 604	4 108	5 246	33 032
Other liabilities and provisions	16 487	19 092	5 863	41 070	21 079	63 647	249 195
Total liabilities	258 573	159 032	96 642	395 045	330 541	313 206	2 267 302
Net of total assets and total liabilities	350 615	291 201	104 386	262 572	383 764	238 210	2 102 869
Net assets							
Accumulated surplus (deficit) – unrestricted	350 615	291 201	104 386	262 572	383 764	238 210	2 047 317
Accumulated surplus (deficit) – restricted	–	–	–	–	–	–	55 552
Reserves	–	–	–	–	–	–	–
Total net assets	350 615	291 201	104 386	262 572	383 764	238 210	2 102 869

Statement of financial performance for the year ended 30 June 2018: active missions

(Thousands of United States dollars)

	<i>UNAMID</i>	<i>UNSOS</i>	<i>UNISFA</i>	<i>UNMISS</i>	<i>MINUSMA</i>	<i>MINUSCA</i>	<i>Total</i>
Assessed contributions	944 505	622 194	285 119	1 144 964	1 120 376	943 767	7 285 708
Voluntary contributions/other transfers and allocations	2 391	122 878	799	81 084	25 075	63 028	357 006
Investment revenue	2 782	1 950	785	2 203	8 017	5 150	30 000
Other revenues	501	1 206	100	794	12 392	2 186	24 311
Total revenues	950 179	748 228	286 803	1 229 045	1 165 860	1 014 131	7 697 025
Employee salaries, allowances and benefits	240 849	73 521	31 370	258 885	154 324	171 848	1 474 108
Contingent contracted services	389 615	85 166	126 708	410 229	390 058	362 921	2 645 065
Other expenses	341 923	533 650	117 392	574 851	549 821	421 565	3 482 427
Credits to Member States	15 228	16 507	(3 665)	39 223	19 903	62 516	182 186
Total expenses	987 615	708 844	271 805	1 283 188	1 114 106	1 018 850	7 783 786
Surplus/(deficit) for the year	(37 436)	39 384	14 998	(54 143)	51 754	(4 719)	(86 761)

Statement of financial position as at 30 June 2018: support activities

(Thousands of United States dollars)

	<i>Peacekeeping Reserve Fund</i>	<i>Support account</i>	<i>UNLB</i>	<i>UNLB-strategic deployment stocks</i>	<i>RSCE</i>	<i>Employee benefits funds</i>	<i>Peacekeeping cost recovery fund</i>	<i>Total</i>
Assets								
Cash and cash equivalents	8 700	654	846	4 450	290	1 661	2 875	19 476
Investments	131 338	10 000	12 541	67 174	3 999	25 078	43 407	293 537
Assessments receivable	—	—	—	—	—	—	—	—
Other receivables	12 820	425	457	840	155	—	21 196	35 893
Inventories	—	94	14 684	24 812	377	—	612	40 579
Property, plant and equipment	—	835	45 369	52 410	12 479	—	948	112 041
Other assets	—	6 281	61	—	266	—	207	6 816
Total assets	152 858	18 289	73 958	149 686	17 566	26 739	69 245	508 342
Liabilities								
Accounts payable	—	8 969	7 830	2 527	1 826	53	19 618	40 823
Total employee benefits	—	5 742	354	—	478	1 689 916	272	1 696 763
Other liabilities and provisions	—	—	671	—	—	—	7 440	8 112
Total liabilities	—	14 711	8 855	2 527	2 304	1 689 969	27 330	1 745 698
Net of total assets and total liabilities	152 858	3 578	65 103	147 159	15 262	(1 663 230)	41 915	(1 237 355)
Net assets								
Accumulated surplus (deficit) – unrestricted	2 858	3 578	65 103	147 159	15 262	(1 663 230)	41 915	(1 387 355)
Accumulated surplus (deficit) – restricted	—	—	—	—	—	—	—	—
Reserves	150 000	—	—	—	—	—	—	150 000
Total net assets	152 858	3 578	65 103	147 159	15 262	(1 663 230)	41 915	(1 237 355)

Statement of financial performance for the year ended 30 June 2018: support activities

(Thousands of United States dollars)

	<i>Peacekeeping Reserve Fund</i>	<i>Support account</i>	<i>UNLB</i>	<i>UNLB-strategic deployment stocks</i>	<i>RSCE</i>	<i>Employee benefits funds</i>	<i>Peacekeeping cost recovery fund</i>	<i>Total</i>
Assessed contributions	—	—	—	—	—	—	—	—
Voluntary contributions/other transfers and allocations		322 951	85 995	—	33 000	—	—	441 946
Investment revenue	1 884	1 152	690	732	196	344	320	5 318
Other revenues	89	278	11 702	9 820	—	3 414	79 130	104 433
Total revenues	1 973	324 381	98 387	10 552	33 196	3 758	79 450	551 697
Employee salaries, allowances and benefits	—	245 916	41 810	—	25 641	143 868	7 090	464 325
Contingent contracted services	—	—	—	—	—	—	5 709	5 709
Other expenses	1 161	75 526	53 194	13 836	9 276	2 173	49 810	204 976
Credits to Member States	—	—	—	—	—	—	3 564	3 564
Total expenses	1 161	321 442	95 004	13 836	34 917	146 041	66 173	678 574
Surplus/(deficit) for the year	812	2 939	3 383	(3 284)	(1 721)	(142 283)	13 277	(126 877)

Statement of financial position as at 30 June 2018: closed missions

(Thousands of United States dollars)

	<i>UNOCI</i>	<i>UNSMIS</i>	<i>UNMIT</i>	<i>UNMIS</i>	<i>MINURCAT</i>	<i>UNOMIG</i>	<i>UNMEE</i>
Assets							
Cash and cash equivalents	1 783	27	166	414	446	67	138
Investments	26 920	408	2 505	6 249	6 730	1 018	2 086
Assessments receivable	2 059	—	—	—	—	—	—
Other receivables	308	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Property, plant and equipment	—	—	—	—	—	—	—
Other assets	39	—	—	—	—	—	—
Total assets	31 109	435	2 671	6 663	7 176	1 085	2 224

	<i>UNOCI</i>	<i>UNSMIS</i>	<i>UNMIT</i>	<i>UNMIS</i>	<i>MINURCAT</i>	<i>UNOMIG</i>	<i>UNMEE</i>
Liabilities							
Accounts payable	40 714	243	1 472	649	4 999	152	84
Total employee benefits	390	–	–	–	–	–	–
Other liabilities and provisions	3 290	57	1	59	5	448	26
Total liabilities	44 394	300	1 473	708	5 004	600	110
Net of total assets and total liabilities	(13 285)	135	1 198	5 955	2 172	485	2 114
Net assets							
Accumulated surplus (deficit) – unrestricted	(13 285)	135	1 198	5 955	2 172	485	2 114
Accumulated surplus (deficit) – restricted	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	(13 285)	135	1 198	5 955	2 172	485	2 114

Statement of financial performance for the year ended 30 June 2018: closed missions

(Thousands of United States dollars)

	<i>UNOCI</i>	<i>UNSMIS</i>	<i>UNMIT</i>	<i>UNMIS</i>	<i>MINURCAT</i>	<i>UNOMIG</i>	<i>UNMEE</i>
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	770	7	38	92	106	15	30
Other revenues	16	–	–	5	6	–	–
Total revenues	786	7	38	97	112	15	30
Employee salaries, allowances and benefits	(213)	–	3	506	28	–	–
Contingent contracted services	(3 467)	–	–	–	–	–	–
Other expenses	11 936	(5)	(107)	195	182	(1)	(24)
Credits to Member States	1 763	–	–	–	–	–	–
Total expenses	10 019	(5)	(104)	701	210	(1)	(24)
Surplus/(deficit) for the year	(9 233)	12	142	(604)	(98)	16	54

Statement of financial position as at 30 June 2018: closed missions (continued)

(Thousands of United States dollars)

	<i>ONUB</i>	<i>UNAMSIL/ UNOMSIL</i>	<i>UNMISSET/ UNTAET</i>	<i>UNIKOM</i>	<i>UNMIBH</i>	<i>UNMOT</i>	<i>UNSMIH/ UNTMIH/ MIPONUH</i>
Assets							
Cash and cash equivalents	149	101	274	53	330	8	13
Investments	2 242	1 527	4 136	807	4 977	113	203
Assessments receivable	—	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Property, plant and equipment	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total assets	2 391	1 628	4 410	860	5 307	121	216
Liabilities							
Accounts payable	364	76	1 848	272	4 420	4	114
Total employee benefits	—	—	—	—	—	—	—
Other liabilities and provisions	593	3	—	—	—	—	7 366
Total liabilities	957	79	1 848	272	4 420	4	7 480
Net of total assets and total liabilities	1 434	1 549	2 562	588	887	117	(7 264)
Net assets							
Accumulated surplus (deficit) – unrestricted	1 434	1 549	2 562	588	887	117	(18 450)
Accumulated surplus (deficit) – restricted	—	—	—	—	—	—	11 186
Reserves	—	—	—	—	—	—	—
Total net assets	1 434	1 549	2 562	588	887	117	(7 264)

Statement of financial performance for the year ended 30 June 2018: closed missions (continued)

(Thousands of United States dollars)

	<i>ONUB</i>	<i>UNAMSIL/ UNOMSIL</i>	<i>UNMISET/ UNTAET</i>	<i>UNIKOM</i>	<i>UNMIBH</i>	<i>UNMOT</i>	<i>UNSMIH/ UNTMIH/ MIPONUH</i>
Assessed contributions		–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	32	22	59	12	71	2	3
Other revenues	–	–	–	–	–	–	–
Total revenues	32	22	59	12	71	2	3
Employee salaries, allowances and benefits	–	–	6		–	–	–
Contingent contracted services	–	–	–	6	–	–	–
Other expenses	(2)	(33)	(19)	(1)	(3)	–	–
Credits to Member States	–	–	–	–	–	–	–
Total expenses	(2)	(33)	(13)	5	(3)	–	–
Surplus/(deficit) for the year	34	55	72	7	74	2	3

Statement of financial position as at 30 June 2018: closed missions (continued)

(Thousands of United States dollars)

	<i>MINURCA</i>	<i>MONUA/ UNAVEM</i>	<i>UNPREDEP</i>	<i>UNTAES</i>	<i>UNOMIL</i>	<i>UNPF</i>	<i>MINUGUA</i>
Assets							
Cash and cash equivalents	–	984	279	336	13	2 851	–
Investments	6	14 848	4 213	5 074	196	43 048	1
Assessments receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	35 542	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	6	15 832	4 492	5 410	209	81 441	1

	<i>MINURCA</i>	<i>MONUA/ UNAVEM</i>	<i>UNPREDEP</i>	<i>UNTAES</i>	<i>UNOMIL</i>	<i>UNPF</i>	<i>MINUGUA</i>
Liabilities							
Accounts payable	7 480	5 230	2 602	4 725	28	16 947	–
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	16 337	–	–	–	–	130	124
Total liabilities	23 817	5 230	2 602	4 725	28	17 077	124
Net of total assets and total liabilities	(23 811)	10 602	1 890	685	181	64 364	(123)
Net assets							
Accumulated surplus (deficit) – unrestricted	(30 047)	10 602	1 890	685	181	64 364	(141)
Accumulated surplus (deficit) – restricted	6 236	–	–	–	–	–	18
Reserves	–	–	–	–	–	–	–
Total net assets	(23 811)	10 602	1 890	685	181	64 364	(123)

Statement of financial performance for the year ended 30 June 2018: closed missions (continued)

(Thousands of United States dollars)

	<i>MINURCA</i>	<i>MONUA/ UNAVEM</i>	<i>UNPREDEP</i>	<i>UNTAES</i>	<i>UNOMIL</i>	<i>UNPF</i>	<i>MINUGUA</i>
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	–	213	60	73	3	764	–
Other revenues	–	10	–	–	–	34	–
Total revenues	–	223	60	73	3	798	–
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	25	–
Other expenses	–	–	(3)	(3)	–	(8 451)	–
Credits to Member States	–	–	–	–	–	–	–
Total expenses	–	–	(3)	(3)	–	(8 426)	–
Surplus/(deficit) for the year	–	223	63	76	3	9 224	–

Statement of financial position as at 30 June 2018: closed missions (continued)

(Thousands of United States dollars)

	<i>UNMIH</i>	<i>UNAMIR/ UNOMUR</i>	<i>ONUSAL</i>	<i>ONUMOZ</i>	<i>UNSOM</i>	<i>UNMLT</i>	<i>UNTAC</i>
Assets							
Cash and cash equivalents	1 509	711	25	514	37	—	31
Investments	22 782	10 728	380	7 755	557	4	472
Assessments receivable	—	—	—	—	—	—	—
Other receivables	10 566	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Property, plant and equipment	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total assets	34 857	11 439	405	8 269	594	4	503
Liabilities							
Accounts payable	12 661	218	3	280	15 490	3	39 845
Total employee benefits	—	—	—	—	—	—	—
Other liabilities and provisions	—	—	—	30	70	—	104
Total liabilities	12 661	218	3	310	15 560	3	39 949
Net of total assets and total liabilities	22 196	11 221	402	7 959	(14 966)	1	(39 446)
Net assets							
Accumulated surplus (deficit) – unrestricted	22 196	11 221	402	7 959	(52 529)	1	(40 264)
Accumulated surplus (deficit) – restricted	—	—	—	—	37 563	—	818
Reserves	—	—	—	—	—	—	—
Total net assets	22 196	11 221	402	7 959	(14 966)	1	(39 446)

Statement of financial performance for the year ended 30 June 2018: closed missions (continued)

(Thousands of United States dollars)

	<i>UNMIH</i>	<i>UNAMIR/ UNOMUR</i>	<i>ONUSAL</i>	<i>ONUMOZ</i>	<i>UNSOM</i>	<i>UNMLT</i>	<i>UNTAC</i>
Assessed contributions	—	—	—	—	—	—	—
Voluntary contributions/other transfers and allocations	—	—	—	—	—	—	—
Investment revenue	326	154	5	111	6	—	5
Other revenues	15	7	—	5	—	—	13
Total revenues	341	161	5	116	6	—	18
Employee salaries, allowances and benefits	—	—	—	—	—	—	—
Contingent contracted services	—	—	—	—	—	—	—
Other expenses	—	—	—	—	(200)	—	(204)
Credits to Member States	—	—	—	—	—	—	—
Total expenses	—	—	—	—	(200)	—	(204)
Surplus/(deficit) for the year	341	161	5	116	206	—	222

Statement of financial position as at 30 June 2018: closed missions (concluded)

(Thousands of United States dollars)

	<i>UNTAG</i>	<i>UNIIMOG</i>	<i>UNEF</i>	<i>ONUC</i>	<i>Total</i>
Assets					
Cash and cash equivalents	30	15	5	58	11 367
Investments	450	231	78	880	171 624
Assessments receivable	—	—	—	—	2 060
Other receivables	—	—	—	—	46 416
Inventories	—	—	—	—	—
Property, plant and equipment	—	—	—	—	—
Other assets	—	—	876	1 973	2 889
Total assets	480	246	959	2 911	234 356

	<i>UNTAG</i>	<i>UNHMOG</i>	<i>UNEF</i>	<i>ONUC</i>	<i>Total</i>
Liabilities					
Accounts payable	86	69	18 563	6 719	186 360
Total employee benefits	—	—	—	—	390
Other liabilities and provisions	38	—	21 542	39 743	89 966
Total liabilities	124	69	40 105	46 462	276 716
Net of total assets and total liabilities	356	177	(39 146)	(43 551)	(42 365)
Net assets					
Accumulated surplus (deficit) – unrestricted	356	177	(39 146)	(43 551)	(98 186)
Accumulated surplus (deficit) – restricted	—	—	—	—	55 821
Reserves	—	—	—	—	—
Total net assets	356	177	(39 146)	(43 551)	(42 365)

Statement of financial performance for the year ended 30 June 2018: closed missions (concluded)

(Thousands of United States dollars)

	<i>UNTAG</i>	<i>UNHMOG</i>	<i>UNEF</i>	<i>ONUC</i>	<i>Total</i>
Assessed contributions	—	—	—	—	—
Voluntary contributions/other transfers and allocations	—	—	—	—	—
Investment revenue	6	3	1	13	3 002
Other revenues	—	—	—	—	112
Total revenues	6	3	1	13	3 114
Employee salaries, allowances and benefits	—	—	—	—	330
Contingent contracted services	—	—	—	—	(3 436)
Other expenses	—	—	105	(27)	3 335
Credits to Member States	—	—	—	—	1 764
Total expenses	—	—	105	(27)	1 993
Surplus/(deficit) for the year	6	3	(104)	40	1 121

Annex II

Budgetary reporting by mission

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Peacekeeping Force in Cyprus

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	23 956	(448)	23 508	21 063	2 423	23 486	22
Civilian personnel	13 124	1 912	15 036	15 036	—	15 036	—
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	40	(2)	38	38	—	38	—
Official travel	260	(31)	229	225	4	229	—
Facilities and infrastructure	7 702	(878)	6 824	5 580	1 244	6 824	—
Ground transportation	2 654	189	2 843	2 603	240	2 843	—
Air transportation	2 451	(153)	2 298	2 248	50	2 298	—
Naval transportation	—	23	23	11	12	23	—
Communications	793	(115)	678	668	10	678	—
Information technology	931	72	1 003	920	83	1 003	—
Medical	444	(270)	174	145	29	174	—
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	1 645	(299)	1 346	1 183	163	1 346	—
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	16 920	(1 464)	15 456	13 621	1 835	15 456	—
Subtotal	54 000		54 000	49 720	4 258	53 978	22
Prorated costs							
UNLB	683	—	683	683	—	683	—
Support account for peacekeeping operations	2 731	—	2 731	2 731	—	2 731	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	3 414	—	3 414	3 414	—	3 414	—

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Voluntary contributions in kind (budgeted)	651	–	651	437	–	437	214
Total	58 065	–	58 065	53 571	4 258	57 829	236

^a In accordance with General Assembly resolution [71/300](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Disengagement Observer Force

(Thousands of United States dollars)

	Appropriation				Expenditure			Balance
	Original distribution ^a	Commitment authority ^b	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	28 267	4 111	(244)	32 134	21 837	9 103	30 940	1 194
Civilian personnel	13 874	–	244	14 118	14 115	3	14 118	–
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants	11	–	25	36	2	34	36	–
Official travel	610	–	(141)	469	439	30	469	–
Facilities and infrastructure	9 396	–	(12)	9 384	8 822	424	9 246	138
Ground transportation	1 788	–	(449)	1 339	906	433	1 339	–
Air transportation	–	–	–	–	–	–	–	–
Naval transportation	–	–	199	199	182	17	199	–
Communications	873	–	(125)	748	622	126	748	–
Information technology	1 152	–	(294)	858	672	177	849	9
Medical	269	–	106	375	299	75	374	1
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	1 414	–	691	2 105	1 928	170	2 098	7
Quick-impact projects	–	–	–	–	–	–	–	–
Total operational requirements	15 513	–	–	15 513	13 872	1 486	15 358	155
Subtotal	57 654	4 111	–	61 765	49 824	10 592	60 416	1 349
Prorated costs								
UNLB	729	–	–	729	729	–	729	–
Support account for peacekeeping operations	2 916	–	–	2 916	2 916	–	2 916	–
RSCE	–	–	–	–	–	–	–	–
Subtotal prorated costs	3 645	–	–	3 645	3 645	–	3 645	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	61 299	4 111	–	65 410	53 469	10 592	64 061	1 349

^a In accordance with General Assembly resolution 71/306.

^b Authorized on 12 April 2018 for the period until 30 June 2018.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Interim Force in Lebanon

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	322 650	184	322 834	266 696	56 133	322 829	5
Civilian personnel	91 640	248	91 888	91 733	146	91 879	9
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	101	(19)	82	75	7	82	—
Official travel	973	(127)	846	780	57	837	9
Facilities and infrastructure	13 600	2 598	16 198	14 474	1 706	16 180	18
Ground transportation	4 460	636	5 096	4 733	361	5 094	2
Air transportation	7 841	(1 282)	6 559	5 992	567	6 559	—
Naval transportation	28 779	(2 209)	26 570	491	25 938	26 429	141
Communications	3 033	(1 384)	1 649	1 346	302	1 648	1
Information technology	4 282	1 568	5 850	3 754	2 077	5 831	19
Medical	1 197	(87)	1 110	1 021	88	1 109	1
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	3 944	(126)	3 818	2 663	893	3 556	262
Quick-impact projects	500	—	500	386	114	500	—
Total operational requirements	68 710	(432)	68 278	35 715	32 110	67 825	453
Subtotal	483 000	—	483 000	394 144	88 389	482 533	467
Prorated costs							
UNLB	6 108	—	6 108	6 108	—	6 108	—
Support account for peacekeeping operations	24 426	—	24 426	24 426	—	24 426	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	30 534	—	30 534	30 534	—	30 534	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—
Total	513 534	—	513 534	424 678	88 389	513 067	467

^a In accordance with General Assembly resolution 71/307.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018
United Nations Mission for the Referendum in Western Sahara

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	7 328	1 185	8 513	7 917	596	8 513	
Civilian personnel	18 881	792	19 673	19 596	77	19 673	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	36	(13)	23	23	–	23	–
Official travel	539	122	661	575	84	659	2
Facilities and infrastructure	3 919	(43)	3 876	2 893	951	3 844	32
Ground transportation	1 473	32	1 505	964	541	1 505	–
Air transportation	11 870	(2 164)	9 706	9 171	164	9 335	371
Naval transportation	–	20	20	10	10	20	–
Communications	1 591	(214)	1 377	763	502	1 265	112
Information technology	1 329	–	1 329	634	686	1 320	9
Medical	159	(41)	118	41	28	69	49
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	4 875	324	5 199	3 679	1 520	5 199	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	25 791	(1 977)	23 814	18 753	4 486	23 239	575
Subtotal	52 000	–	52 000	46 266	5 159	51 425	575
Prorated costs							
UNLB	657	–	657	657	–	657	–
Support account for peacekeeping operations	2 630	–	2 630	2 630	–	2 630	–
RSCE	304	–	304	304	–	304	–
Subtotal prorated costs	3 591	–	3 591	3 591	–	3 591	–
Voluntary contributions in kind (budgeted)	519	–	519	372	–	372	147
Total	56 110	–	56 110	50 229	5 159	55 388	722

^a In accordance with General Assembly resolution [71/309](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Interim Mission in Kosovo

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	696		696	584		584	112
Civilian personnel	28 219		28 219	27 732	37	27 769	450
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	96		96	40	15	55	41
Official travel	292	79	371	359	12	371	—
Facilities and infrastructure	2 861		2 861	2 468	370	2 838	23
Ground transportation	292		292	235	10	245	47
Air transportation	—	—	—	—	—	—	—
Naval transportation	—	—	—	—	—	—	—
Communications	1 073		1 073	630	40	670	403
Information technology	1 389	(79)	1 310	1 015	203	1 218	92
Medical	58	—	58	19	23	42	16
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	2 922	—	2 922	2 753	101	2 854	68
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	8 983	—	8 983	7 519	774	8 293	690
Subtotal	37 898	—	37 898	35 835	811	36 646	1 252
Prorated costs							
UNLB	479	—	479	479	—	479	—
Support account for peacekeeping operations	1 917	—	1 917	1 917	—	1 917	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	2 396	—	2 396	2 396	—	2 396	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—
Total	40 294	—	40 294	38 231	811	39 042	1 252

^a In accordance with General Assembly resolution [71/303](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018
United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

(Thousands of United States dollars)

	Appropriation				Expenditure			Balance
	Original distribution ^a	Commitment authority ^b	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	561 018	3 078	(1 379)	562 717	410 412	152 292	562 704	13
Civilian personnel	270 174	2 978	18 456	291 608	287 723	3 885	291 608	–
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants	637	–	434	1 071	1 041	30	1 071	–
Official travel	4 736	–	803	5 539	4 938	601	5 539	–
Facilities and infrastructure	52 496	3 000	(4 260)	51 236	43 511	7 725	51 236	–
Ground transportation	16 812	4 121	(3 003)	17 930	15 113	2 817	17 930	–
Air transportation	143 247	32 614	(12 398)	163 463	147 961	15 502	163 463	–
Naval transportation	29	–	721	750	55	695	750	–
Communications	20 711	–	1 196	21 907	18 419	3 476	21 895	12
Information technology	15 270	–	(1 530)	13 740	11 895	1 845	13 740	–
Medical	2 266	1 200	406	3 872	3 152	720	3 872	–
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	52 452	931	1 065	54 448	48 617	5 324	53 941	507
Quick-impact projects	2 000	–	(511)	1 489	1 393	96	1 489	–
Total operational requirements	310 656	41 866	(17 077)	335 445	296 095	38 831	334 926	519
Subtotal	1 141 848	47 922	–	1 189 770	994 230	195 008	1 189 238	532
Prorated costs								
UNLB	14 439	–	–	14 439	14 439	–	14 439	–
Support account for peacekeeping operations	57 747	–	–	57 747	57 747	–	57 747	–
RSCE	6 672	–	–	6 672	6 672	–	6 672	–
Subtotal prorated costs	78 858	–	–	78 858	78 858	–	78 858	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	1 220 706	47 922	–	1 268 628	1 073 088	195 008	1 268 096	532

^a In accordance with General Assembly resolution [71/301](#).

^b In accordance with General Assembly resolution [72/293](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Mission in Liberia

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	22 434	(1 952)	20 482	19 860	607	20 467	15
Civilian personnel	54 818	7 238	62 056	56 394	5 624	62 018	38
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	108	(20)	88	88		88	—
Official travel	819	445	1 264	1 131	133	1 264	—
Facilities and infrastructure	9 786	(2 660)	7 126	6 792	65	6 857	269
Ground transportation	844	132	976	953	19	972	4
Air transportation	5 890	(1 855)	4 035	3 988	1	3 989	46
Naval transportation	—	—	—	—	—	—	—
Communications	2 951	(734)	2 217	2 144	63	2 207	10
Information technology	1 730	500	2 230	2 154	75	2 229	1
Medical	294	(162)	132	130		130	2
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	8 326	(732)	7 594	7 202	392	7 594	—
Quick-impact projects	2 000	(200)	1 800	1 800	—	1 800	—
Total operational requirements	32 748	(5 286)	27 462	26 382	748	27 130	332
Subtotal	110 000	—	110 000	102 636	6 979	109 615	385
Prorated costs							
UNLB	1 391	—	1 391	1 391	—	1 391	—
Support account for peacekeeping operations	5 563	—	5 563	5 563	—	5 563	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	6 954	—	6 954	6 954	—	6 954	—
Voluntary contributions in kind (budgeted)	53	—	53	53	—	53	—
Total	117 007	—	117 007	109 643	6 979	116 622	385

^a In accordance with General Assembly resolution [71/304](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Stabilization Mission in Haiti

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	44 490	(5 571)	38 919	38 157	762	38 919	–
Civilian personnel	26 177	6 982	33 159	33 152	7	33 159	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	270	(164)	106	32	74	106	–
Official travel	226	794	1 020	891	129	1 020	–
Facilities and infrastructure	9 976	(1 831)	8 145	7 826	319	8 145	–
Ground transportation	822	(164)	658	641	16	657	1
Air transportation	2 879	(168)	2 711	2 701	10	2 711	–
Naval transportation	–	2	2	2	–	2	–
Communications	1 775	(664)	1 111	1 090	21	1 111	–
Information technology	930	50	980	975	5	980	–
Medical	63	609	672	662	10	672	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	2 392	125	2 517	2 287	230	2 517	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	19 333	(1 411)	17 922	17 107	814	17 921	1
Subtotal	90 000	–	90 000	88 416	1 583	89 999	1
Prorated costs							
UNLB	–	–	–	–	–	–	–
Support account for peacekeeping operations	–	–	–	–	–	–	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	–	–	–	–	–	–	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	90 000	–	90 000	88 416	1 583	89 999	1

^a In accordance with General Assembly resolution [71/302](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Mission for Justice Support in Haiti

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	34 280	(73)	34 207	26 196	7 712	33 908	299
Civilian personnel	24 728	2 441	27 169	27 109	60	27 169	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	233	(9)	224	43	181	224	–
Official travel	1 044	10	1 054	883	171	1 054	–
Facilities and infrastructure	9 053	(356)	8 697	7 786	911	8 697	–
Ground transportation	1 119	150	1 269	906	363	1 269	–
Air transportation	5 928	(2 409)	3 519	3 511	8	3 519	–
Naval transportation	–	9	9	6	3	9	–
Communications	2 471	(802)	1 669	1 478	191	1 669	–
Information technology	1 172	326	1 498	961	537	1 498	–
Medical	426	125	551	337	214	551	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	6 857	916	7 773	3 141	4 631	7 772	1
Quick-impact projects	800	(328)	472	–	472	472	–
Total operational requirements	29 103	(2 368)	26 735	19 052	7 682	26 734	1
Subtotal	88 111	–	88 111	72 357	15 454	87 811	300
Prorated costs							
UNLB	1 138	–	1 138	1 138	–	1 138	–
Support account for peacekeeping operations	4 552	–	4 552	4 552	–	4 552	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	5 690	–	5 690	5 690	–	5 690	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	93 801	–	93 801	78 047	15 454	93 501	300

^a In accordance with General Assembly resolution [72/260](#) A.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

African Union-United Nations Hybrid Operation in Darfur

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	486 313	535	486 848	387 603	99 241	486 844	4
Civilian personnel	244 270	2 324	246 594	245 753	841	246 594	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants	233	(193)	40	34	6	40	–
Official travel	2 852	235	3 087	2 710	377	3 087	–
Facilities and infrastructure	52 949	4 413	57 362	49 958	7 404	57 362	–
Ground transportation	7 794	874	8 668	7 575	1 093	8 668	–
Air transportation	65 588	(2 297)	63 291	58 518	4 269	62 787	504
Naval transportation	–	471	471	203	268	471	–
Communications	10 805	(832)	9 973	7 475	1 837	9 312	661
Information technology	9 157	(393)	8 764	6 510	2 254	8 764	–
Medical	946	(170)	776	687	59	746	30
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	30 034	(4 967)	25 067	18 366	5 223	23 589	1 478
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	180 358	(2 859)	177 499	152 036	22 790	174 826	2 673
Subtotal	910 941	–	910 941	785 392	122 872	908 264	2 677
Prorated costs							
UNLB	6 146	–	6 146	6 146	–	6 146	–
Support account for peacekeeping operations	24 578	–	24 578	24 578	–	24 578	–
RSCE	2 840	–	2 840	2 840	–	2 840	–
Subtotal prorated costs	33 564	–	33 564	33 564	–	33 564	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	944 505	–	944 505	818 956	122 872	941 828	2 677

^a In accordance with General Assembly resolutions [71/310](#) and [72/259](#) A.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Support Office in Somalia

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	171 343	(3 155)	168 188	123 108	42 421	165 529	2 659
Civilian personnel	60 120	14 436	74 556	74 368	180	74 548	8
Operational requirements							
Civilian electoral observers							
Consultants	2 038	(216)	1 822	1 247	365	1 612	210
Official travel	1 986	110	2 096	1 828	268	2 096	–
Facilities and infrastructure	103 403	2 028	105 431	74 430	31 001	105 431	–
Ground transportation	35 085	(2 619)	32 466	17 106	14 951	32 057	409
Air transportation	78 127	(9 059)	69 068	64 133	2 190	66 323	2 745
Naval transportation	39	1 622	1 661	1 134	527	1 661	–
Communications	27 783	(242)	27 541	18 957	5 762	24 719	2 822
Information technology	11 834	2 447	14 281	11 732	2 549	14 281	–
Medical	20 242	(7 082)	13 160	10 333	1 196	11 529	1 631
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	70 000	1 730	71 730	47 582	24 130	71 712	18
Quick-impact projects							
Total operational requirements	350 537	(11 281)	339 256	248 482	82 939	331 421	7 835
Subtotal	582 000	–	582 000	445 958	125 540	571 498	10 502
Prorated costs							
UNLB	7 360	–	7 360	7 360	–	7 360	–
Support account for peacekeeping operations	29 433	–	29 433	29 433	–	29 433	–
RSCE	3 401	–	3 401	3 401	–	3 401	–
Subtotal prorated costs	40 194	–	40 194	40 194	–	40 194	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	622 194	–	622 194	486 152	125 540	611 692	10 502

^a In accordance with General Assembly resolution [71/311](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Interim Security Force for Abyei

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	150 689	5 003	155 692	113 555	42 064	155 619	73
Civilian personnel	28 366	7 182	35 548	35 267	258	35 525	23
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	155	342	497	379	31	410	87
Official travel	1 073	168	1 241	1 020	156	1 176	65
Facilities and infrastructure	25 221	(5 690)	19 531	13 647	5 702	19 349	182
Ground transportation	1 688	982	2 670	1 450	1 220	2 670	—
Air transportation	23 843	(4 686)	19 157	17 193	1 929	19 122	35
Naval transportation	669	(610)	59	25	34	59	—
Communications	4 577	307	4 884	3 391	1 493	4 884	—
Information technology	3 786	808	4 594	2 918	1 617	4 535	59
Medical	308	(109)	199	173	21	194	5
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	25 825	(3 697)	22 128	16 370	5 632	22 002	126
Quick-impact projects	500	—	500	367	113	480	20
Total operational requirements	87 645	(12 185)	75 460	56 933	17 948	74 881	579
Subtotal	266 700	—	266 700	205 755	60 270	266 025	675
Prorated costs							
UNLB	3 373	—	3 373	3 373	—	3 373	—
Support account for peacekeeping operations	13 488	—	13 488	13 488	—	13 488	—
RSCE	1 558	—	1 558	1 558	—	1 558	—
Subtotal prorated costs	18 419	—	18 419	18 419	—	18 419	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—
Total	285 119	—	285 119	224 174	60 270	284 444	675

^a In accordance with General Assembly resolution 71/298.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Mission in South Sudan

(Thousands of United States dollars)

	Appropriation				Expenditure			Balance
	Original distribution ^a	Commitment authority ^b	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	501 176	20 923	(4 406)	517 693	337 100	157 231	494 331	23 362
Civilian personnel	220 745	67 178	1	287 924	282 785	2 667	285 452	2 472
Operational requirements								
Civilian electoral observers	—	—	—	—	—	—	—	—
Consultants	587	—	(375)	212	187	25	212	—
Official travel	4 326	—	(159)	4 167	3 539	627	4 166	1
Facilities and infrastructure	93 611	(7 183)	9 108	95 536	73 595	21 941	95 536	—
Ground transportation	13 862	(1 699)	(836)	11 327	7 196	4 131	11 327	—
Air transportation	140 160	(12 661)	(11 188)	116 311	108 067	8 244	116 311	—
Naval transportation	593	—	2 300	2 893	723	2 170	2 893	—
Communications	15 882	—	(1 174)	14 708	10 985	3 723	14 708	—
Information technology	14 666	(1 000)	4 962	18 628	11 103	7 525	18 628	—
Medical	1 849	(200)	(349)	1 300	802	498	1 300	—
Special equipment	—	—	—	—	—	—	—	—
Other supplies, services and equipment	62 543	(201)	2 116	64 458	46 025	18 433	64 458	—
Quick-impact projects	1 000	—	—	1 000	907	93	1 000	—
Total operational requirements	349 079	(22 944)	4 405	330 540	263 129	67 410	330 539	1
Subtotal	1 071 000	65 157	—	1 136 157	883 014	227 308	1 110 322	25 835
Prorated costs								
UNLB	13 543	—	—	13 543	13 543	—	13 543	—
Support account for peacekeeping operations	54 163	—	—	54 163	54 163	—	54 163	—
RSCE	6 258	—	—	6 258	6 258	—	6 258	—
Subtotal prorated costs	73 964	—	—	73 964	73 964	—	73 964	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—	—
Total	1 144 964	65 157	—	1 210 121	956 978	227 308	1 184 286	25 835

^a In accordance with General Assembly resolution [71/308](#).

^b In accordance with General Assembly resolution [72/300](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

United Nations Multidimensional Integrated Stabilization Mission in Mali

(Thousands of United States dollars)

	Appropriation				Expenditure			Balance
	Original distribution ^a	Commitment authority ^b	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	446 420	38 493		484 913	392 565	90 213	482 778	2 135
Civilian personnel	153 135		15 234	168 369	166 757	1 538	168 295	74
Operational requirements								
Civilian electoral observers	—	—	—	—	—	—	—	—
Consultants	911	—	(516)	395	279	101	380	15
Official travel	4 493	—	1 097	5 590	4 883	707	5 590	—
Facilities and infrastructure	102 520	4 681	7 591	114 792	70 983	43 765	114 748	44
Ground transportation	10 770	—	6 295	17 065	11 763	5 302	17 065	—
Air transportation	183 972	—	(44 875)	139 097	99 669	37 157	136 826	2 271
Naval transportation	—	—	1 064	1 064	277	786	1 063	1
Communications	36 812	—	(17 595)	19 217	12 555	6 662	19 217	—
Information technology	9 185	—	31 695	40 880	26 850	14 030	40 880	—
Medical	6 229	—	(102)	6 127	5 245	784	6 029	98
Special equipment	—	—	—	—	—	—	—	—
Other supplies, services and equipment	89 553	—	112	89 665	65 844	23 722	89 566	99
Quick-impact projects	4 000	—	—	4 000	3 085	897	3 982	18
Total operational requirements	448 445	4 681	(15 234)	437 892	301 433	133 913	435 346	2 546
Subtotal	1 048 000	43 174	—	1 091 174	860 755	225 664	1 086 419	4 755
Prorated costs								
UNLB	13 253	—	—	13 253	13 253	—	13 253	—
Support account for peacekeeping operations	53 000	—	—	53 000	53 000	—	53 000	—
RSCE	6 123	—	—	6 123	6 123	—	6 123	—
Subtotal prorated costs	72 376	—	—	72 376	72 376	—	72 376	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—	—
Total	1 120 376	43 174	—	1 163 550	933 131	225 664	1 158 795	4 755

^a In accordance with General Assembly resolution [71/305](#).^b Authorized on 13 April 2018 for the period until 30 June 2018.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018
United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

(Thousands of United States dollars)

	<i>Appropriation</i>				<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Commitment authority^b</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	437 007	17 596	–	454 603	355 092	93 933	449 025	5 578
Civilian personnel	160 668	–	39 612	200 280	198 298	1 982	200 280	–
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants	843	–	22	865	583	282	865	–
Official travel	3 791	–	13	3 804	2 983	821	3 804	–
Facilities and infrastructure	66 475	2 616	2 061	71 152	46 009	25 025	71 034	118
Ground transportation	17 126	–	223	17 349	13 134	4 215	17 349	–
Air transportation	88 389	–	(23 317)	65 072	54 370	2 528	56 898	8 174
Naval transportation	500	–	–	500	251	221	472	28
Communications	23 864	–	787	24 651	14 326	10 325	24 651	–
Information technology	19 177	–	(112)	19 065	10 594	2 176	12 770	6 295
Medical	4 670	–	(3 150)	1 520	390	831	1 221	299
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	57 290	–	(16 139)	41 151	25 915	12 607	38 522	2 629
Quick-impact projects	3 000	–	–	3 000	2 317	665	2 982	18
Total operational requirements	285 125	2 616	(39 612)	248 129	170 872	59 696	230 568	17 561
Subtotal	882 800	20 212	–	903 012	724 262	155 611	879 873	23 139
Prorated costs								
UNLB	11 163	–	–	11 163	11 163	–	11 163	–
Support account for peacekeeping operations	44 646	–	–	44 646	44 646	–	44 646	–
RSCE	5 158	–	–	5 158	5 158	–	5 158	–
Subtotal prorated costs	60 967	–	–	60 967	60 967	–	60 967	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	943 767	20 212	–	963 979	785 229	155 611	940 840	23 139

^a In accordance with General Assembly resolution [71/299](#).

^b Authorized on 20 April 2018 for the period until 30 June 2018.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018

Support account for peacekeeping operations

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	—	—	—	—	—	—	—
Civilian personnel	236 066	840	236 906	236 191	715	236 906	—
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	3 240	(965)	2 275	1 382	893	2 275	—
Official travel	8 132	(298)	7 834	7 496	338	7 834	—
Facilities and infrastructure	21 734	130	21 864	20 760	1 097	21 857	7
Ground transportation	55	25	80	79	1	80	—
Air transportation	—	31	31	31	—	31	—
Naval transportation	—	—	—	—	—	—	—
Communications	2 030	(33)	1 997	1 678	319	1 997	—
Information technology	14 127	(181)	13 946	11 543	2 392	13 935	11
Medical	135	(18)	117	117	—	117	—
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	40 281	469	40 750	40 363	386	40 749	1
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	89 734	(840)	88 894	83 449	5 426	88 875	19
Total	325 800	—	325 800	319 640	6 141	325 781	19

^a In accordance with General Assembly resolution [71/295](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018
United Nations Logistics Base at Brindisi, Italy

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	—	—	—	—	—	—	—
Civilian personnel	38 106	3 928	42 034	42 004	30	42 034	—
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	400	349	749	689	55	744	5
Official travel	781	(21)	760	669	90	759	1
Facilities and infrastructure	6 303	(430)	5 873	4 503	1 297	5 800	73
Ground transportation	708	(310)	398	307	89	396	2
Air transportation	—	—	—	—	—	—	—
Naval transportation	—	—	—	—	—	—	—
Communications	7 081	(2 371)	4 710	4 237	397	4 634	76
Information technology	26 199	(1 456)	24 743	19 649	4 595	24 244	499
Medical	52	(13)	39	(11)	29	18	21
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	1 370	324	1 694	1 239	328	1 567	127
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	42 894	(3 928)	38 966	31 282	6 880	38 162	804
Subtotal	81 000	—	81 000	73 286	6 910	80 196	804
Strategic deployment stock activities – replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions and other entities	69 667	—	69 667	9 994	8 312	18 306	51 361
Total	150 667	—	150 667	83 280	15 222	98 502	52 165

^a In accordance with General Assembly resolution [71/294](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2017 to 30 June 2018
Regional Service Centre in Entebbe, Uganda

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	—	—	—	—	—	—	—
Civilian personnel	24 982	740	25 722	25 598	122	25 720	2
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants	136	(135)	1	1	—	1	—
Official travel	300	(38)	262	222	4	226	36
Facilities and infrastructure	2 530	(540)	1 990	1 449	506	1 955	35
Ground transportation	81	18	99	61	—	61	38
Air transportation	—	—	—	—	—	—	—
Naval transportation	—	—	—	—	—	—	—
Communications	1 268	(473)	795	607	150	757	38
Information technology	2 897	529	3 426	2 496	930	3 426	—
Medical	178	(89)	89	—	85	85	4
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	628	(12)	616	436	175	611	5
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	8 018	(740)	7 278	5 272	1 850	7 122	156
Total	33 000	—	33 000	30 870	1 972	32 842	158

^a In accordance with General Assembly resolution [71/293](#).