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Financial reports and audited financial statements, and reports of the Board of Auditors: United Nations Joint Staff Pension Fund

Implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2019 on the United Nations Joint Staff Pension Fund

Report of the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund

Summary

The present report is submitted in accordance with General Assembly resolution [48/216 B](#), in which the Assembly requested the executive heads of the United Nations entities to report to the Assembly, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, on measures taken or to be taken to implement those recommendations.

The report provides information further to the comments already submitted to the Board of Auditors, which were included in the Board's final report on the United Nations Joint Staff Pension Fund.

Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments of the Fund only where required, as well as information on the status of implementation, the area responsible, the estimated completion date and the priority of each recommendation contained in the reports of the Board. In addition, the report provides an update on the status of implementation of the Board's recommendations relating to prior periods that the Board considered not to have been fully implemented.

* [A/75/150](#).



I. Introduction

1. The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, in which the Assembly requested the executive heads of the United Nations entities, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, to provide the Assembly with their responses and to indicate the measures that would be taken to implement those recommendations, with appropriate timetables.

2. In preparing the present report, account was taken of the provisions of General Assembly resolution 70/238 A, in which the Assembly, in paragraph 14, stressed that the report of the Board of Auditors on the United Nations Joint Staff Pension Fund should be submitted separately to the General Assembly, as is the case with other United Nations entities, and decided that a copy should be annexed to the report of the United Nations Joint Staff Pension Board. In paragraph 5 of its resolution 71/261 A, the Assembly decided to consider further the report of the Board of Auditors on the United Nations Joint Staff Pension Fund under the agenda item relating to the report of the United Nations Joint Staff Pension Fund.

II. Implementation of the recommendations contained in the report of the Board of Auditors on the United Nations Joint Staff Pension Fund for the year ended 31 December 2019

3. The status of implementation of the main recommendations contained in the report of the Board of Auditors on the United Nations Joint Staff Pension Fund for the year ended 31 December 2019 (A/75/5/Add.16, chap. II) as of August 2020 is summarized in table 1.

Table 1
Status of implementation of main recommendations

<i>Area responsible</i>	<i>Number of recommendations</i>	<i>Implemented</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Office of Investment Management	8	–	8	8	–
Pension Administration	2	–	2	2	–
Total	10	–	10	10	–
Percentage	100	–	100		

4. The status of implementation of all the recommendations contained in the report of the Board of Auditors as of August 2020 is summarized in table 2.

Table 2
Status of implementation of all recommendations

<i>Area responsible</i>	<i>Number of recommendations</i>	<i>Implemented</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Office of Investment Management	21	–	21	21	–
Pension Administration	11	–	11	11	–
Total	32	–	32	32	–
Percentage	100	–	100		

5. **In paragraph 26, the Board recommended that the Fund clearly establish the management accountability structure of the Geneva office within the Pension Administration structure, which should, in turn, enable timely and complete information flow between the Geneva office’s finance and client services and the Pension Administration in New York.**

Area responsible: Pension Administration
Status: In progress
Priority: High
Target date: Third quarter of 2021

6. Recognizing the need for closer coordination between the Geneva and New York offices, the Pension Administration implemented a functional leadership approach, effective 1 January 2020. Functional reporting is intended to enhance accountability and facilitate strategic planning and execution, and ensure quality control, the sharing of best practices and the successful management of risks. As part of the functional reporting approach, functional units of the Geneva office report directly to their respective chiefs in the New York office. Functional chiefs are accountable for service delivery to beneficiaries and participants across all geographical locations.

7. **In paragraph 27, in order to close the gaps between the Geneva and New York offices, the Board recommended that the Fund ensure that the risk control matrix be amended to include the risks of the Geneva office operations; develop a manual on administrative procedures regarding client services, finance and human resources; evaluate the training needs of the Geneva office staff on iNeed software; and include the Geneva office’s performance indicators in the strategic framework of the Pension Administration.**

Area responsible: Pension Administration
Status: In progress
Priority: High
Target date: Third quarter of 2021

8. Effective 1 January 2020, the Pension Administration secretariat implemented a functional leadership approach to enhance accountability, facilitate strategic planning and execution, and ensure quality control, the sharing of best practices and the successful management of risks. As part of the functional reporting approach, functional units of the Geneva office report directly to their respective chiefs in the

New York office. Functional chiefs are accountable for service delivery to beneficiaries and participants across all geographical locations.

9. In paragraph 35, the Board recommended that the Fund establish a procedure to make uniform the criteria, evaluation process and granting of resources from the emergency fund, which would allow more transparency and consistency in the decision taken by the Fund's management.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Second quarter of 2021

10. The Fund will establish a procedure to make evaluation criteria for emergency fund assistance uniform for both the New York and the Geneva offices.

11. In paragraph 36, the Board recommended that the Fund establish a guideline to record emergency fund-specific supporting information in the Integrated Pension Administration System before granting the emergency fund assistance.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Second quarter of 2021

12. The Fund will establish a guideline to record emergency fund-specific supporting information in the Integrated Pension Administration System.

13. In paragraph 43, the Board recommended that the Fund establish standardized requirements for the development of terms of reference for consultants.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Second quarter of 2021

14. The Fund will issue guidelines for the preparation of terms of reference for consultants in alignment with the administrative instruction on consultants and individual contractors ([ST/AI/2013/4](#)).

15. In paragraph 50, the Board recommended that the Fund pause the period of 15 business days in the Integrated Pension Administration System only in cases of missing or invalid documents and resume the period once the necessary documentation had been received.

Area responsible: Pension Administration
Status: In progress
Priority: High
Target date: Fourth quarter of 2020

16. This recommendation has been implemented. Effective 1 July 2020, the Fund introduced a system enhancement of the Integrated Pension Administration System to address the calculation of the performance indicator for benefit processing, in line with the audit recommendation related to the handling of cases with missing or invalid documents. The benchmark calculations are exported directly from the Integrated Pension Administration System to the business intelligence report. With the successful deployment of this enhancement, the Fund considers the recommendation to have been implemented and requests its closure by the Board.

17. In paragraph 51, the Board recommended that the Fund establish a procedure for the follow-up of cases with missing or invalid documents.

Area responsible: Pension Administration
Status: In progress
Priority: High
Target date: Fourth quarter of 2020

18. This recommendation has been implemented. The Fund developed a procedure to ensure that attention is paid to cases with missing or invalid documents and that they are subject to regular follow-up.

19. In paragraph 61, the Board recommended that the Fund continue to reduce the timelines of the signature verification process, in order to reduce the risk of improper benefit payments.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Third quarter of 2021

20. The Fund implemented a signature verification project to ensure the completion of all outstanding signature verification cases related to certificates of entitlement by April 2020. The Fund will continue to ensure that cases are processed in accordance with the specified timeline.

21. In paragraph 62, the Board recommended that the Fund prioritize the signature verification of the 35 backlogged cases from the period prior to 2019 and the 1,598 backlogged cases from 2019.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2020

22. This recommendation has been implemented. Since the implementation of the signature verification project, there has been no backlog of signature verification cases from the current or previous periods. The Fund considers this recommendation to have been implemented and requests its closure by the Board.

23. In paragraph 75, the Board recommended that the Fund evaluate the technical feasibility of establishing parameters for the different roles involved in the workflows for the creation of benefits to ensure an adequate segregation of duties.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2020

24. This recommendation has been implemented. Benefit assistants in the Pension Entitlements Section have dual calculating and auditing roles. The required segregation of duties between these roles is enforced in the benefit processing system by ensuring that no user can perform consecutive actions in the same case.

25. In paragraph 76, the Board recommended that the Fund ensure that the establishment of parameters for the different roles was consistent with the roles granted to each user and in accordance with the recertification carried out by the Information Management Systems Service in conjunction with the Chief of the Pension Entitlements Section.

Area responsible: Pension Administration
Status: In progress
Priority: Medium
Target date: Second quarter of 2021

26. The required segregation of duties is verified through the annual user recertification process carried out by the Enterprise Security Unit. The Fund will improve the reports used during the annual user recertification process to confirm the segregation of duties.

27. In paragraph 88, the Board recommended that the Office of Investment Management issue to all staff members a formal document that establishes which officials should answer the questions stated in the trade order pre-clearance form.

Area responsible: Office of Investment Management
Status: In progress
Priority: High
Target date: Third quarter of 2020

28. This recommendation has been implemented. The pre-clearance form contains two questions that can be answered only by staff members who are directly responsible for investment decisions. The new software system contains a list of the staff members who must reply to those questions as part of the pre-clearance process

for any personal trades. In addition, the Office's organizational chart and delegation of authority framework clarify which staff members are responsible for investment decisions.

29. In paragraph 89, the Board recommended that the Office of Investment Management review, clarify and adjust its personal securities trading policy in matters related to excessive personal trading and the minimum holding period of 60 days of any investment in order to enable a better understanding of the policy.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Third quarter of 2020

30. This recommendation has been implemented. The Office revised its personal securities trading policy to clarify the terms of excessive personal trading by establishing a maximum limit of trades per month for each staff member. A copy of the revised policy was provided to the Board of Auditors at the end of April 2020 and will be sent to employees in August 2020 as part of the new compliance system.

31. In paragraph 90, the Board recommended that the Office of Investment Management develop and implement a system that allows for the tracking of the personal trading accounts of all the staff members of the Office and also of those employees of the Fund who have a clear reporting line to the Office staff for preventing potential conflicts of interest with the activities of the Fund.

<i>Areas responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Third quarter of 2020

32. This recommendation has been implemented. The Office signed a contractual agreement with the company Compliance Science regarding the implementation of a new system to automate the current process. The agreement was signed in April 2020 and implementation of the new system has started, with training sessions scheduled to be held in August 2020. In addition, the Office has identified the Chief Financial Officer as the sole employee of the Secretariat who has a clear reporting line to the Office, and steps have therefore been taken to ensure that this employee is informed of the personal trading policies and the pre-clearance requirements.

33. In paragraph 91, the Board recommended that the Office of Investment Management monitor and control the possible conflicts of interest of employees and adopt the measures necessary to address cases in which conflicts are detected.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Third quarter of 2020

34. This recommendation has been implemented. The financial disclosure programme, conducted through the Ethics Office, is the first line of defence. The programme, which is mandatory for all of the Office's staff members, provides a mechanism to identify, mitigate and manage current or possible conflicts of interest. In addition, the Office has several mechanisms in place to mitigate possible conflicts of interest. However, these mechanisms are entirely dependent on self-reporting, which is also the case with the filings under the financial disclosure programme. The Office's staff members are thus required to sign attestations on an annual basis agreeing to comply with policies and procedures. The new compliance system will help to automate the current personal trading process, which is entirely manual. The automation will increase efficiency and the probability of detecting potential conflicts of interest by adding another layer of supervision to the existing supervision of the Ethics Office under the annual financial disclosure programme.

35. In paragraph 98, the Board recommended that the Office of Investment Management redefine the applicability of the personal securities policies and procedures, with the purpose of applying them to any staff member of the Fund involved in the work of the Office, including the personnel of the Fund secretariat.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Third quarter of 2020

36. This recommendation has been implemented. In order to comply with this recommendation, the Office revised its personal trading policy in April 2020 and expanded its scope to include staff members with a direct reporting line to the Representative of the Secretary-General for the investment of the assets of the Fund. The revised policy will be rolled out at the same time as the new compliance system, which is expected to be launched at the end of August 2020.

37. In paragraph 106, the Board recommended that the Office of Investment Management develop a special policy for external advisers that addresses, among other matters, conflicts of interest, the confidentiality of information and the performance review and monitoring of contracted service providers.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2020

38. This recommendation has been implemented. The Office developed a special policy for external advisers that addresses, among other matters, conflicts of interest,

the confidentiality of information and the performance review and monitoring of contracted service providers. A copy of the new policy was sent to the Board of Auditors in April 2020.

39. In paragraph 107, the Board recommended that the Office of Investment Management review the current guidelines on conflicts of interest and design a procedure that allows for the staff of the Office to be informed in a timely manner about the current list of external advisers, so that the staff can disclose potential conflicts between an employee and external adviser.

Area responsible: Office of Investment Management
Status: In progress
Priority: High
Target date: Fourth quarter of 2020

40. The Office is developing new procedures on conflicts of interest and will include a procedure that allows for staff members to be informed in a timely matter about the current list of external advisers so that they can disclose potential conflicts of interest.

41. In paragraph 119, the Board recommended that the Office of Investment Management review and update at least once a year the investment guidelines in order to align them with the investment policy statement.

Area responsible: Office of Investment Management
Status: In progress
Priority: Medium
Target date: Second quarter of 2020

42. This recommendation has been implemented. Investment procedures were revised to align them with the new investment policy statement. The new investment procedures have been sent to the Board of Auditors.

43. In paragraph 120, the Board recommended that the Office of Investment Management disseminate updated versions of internal procedure manuals and guidelines previous to the enforcement of such procedures.

Area responsible: Office of Investment Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2020

44. The Office will distribute to staff members approved new internal procedure manuals and guidelines previous to the enforcement of such procedures.

45. In paragraph 121, the Board recommended that the Office of Investment Management incorporate the policy on the operations and risk management of external managers into the investment policy, considering that 15 per cent of the portfolio was externally managed.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

46. As part of the Office's review of the investment policy statement, additional references to the policy on the operations and risk management of external managers will be included in the statement.

47. In paragraph 128, the Board recommended that the Office of Investment Management establish and implement a formal procedure that defines, among other matters, the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines, according to the support that the team provides to the other sections of the Office.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

48. This recommendation has been implemented. The Office's legal team established and implemented a formal procedure that defines, among other matters, the functions and activities to be carried out by the legal team, the responsible staff members and the team's timelines according to the support that the team provides to the other sections of the Office. The procedure was distributed to all of the Office's staff and sent to the Board of Auditors.

49. In paragraph 129, the Board recommended that the Office of Investment Management define a mechanism that allows for, among other functions, the tracking of documents reviewed and processed by the legal team and the recording of the complexity of the matters, the status of the documents, the allocation of tasks and the timelines of the document revisions.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

50. The legal team implemented this recommendation, and evidence of this was sent to the Board of Auditors.

51. In paragraph 144, the Board recommended that the Office of Investment Management define a formal mechanism for monitoring and ensuring that all staff members of the Office, in particular new employees, complete the United Nations mandatory learning programmes within six months of joining the Organization or assuming a role for which additional learning was mandatory.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

52. This recommendation has been implemented. The Office developed a formal mechanism for monitoring and ensuring that the Office's staff members complete the United Nations mandatory learning programmes within six months of joining the Organization and other additional mandatory learning. Since April 2020, the Office has incorporated special instructions to newly onboarded staff on completing the mandatory training within six months of joining, with reminders sent every two weeks. Of the four new staff onboarded since April 2020, two have already completed the mandatory training well in advance of the six-month target and two are well on the way to completing it. The compliance rate of existing staff has also increased to 87 per cent as a result of a more proactive approach to urging staff to complete the courses.

53. In paragraph 145, the Board recommended that the Office of Investment Management ensure that its staff send the appropriate certificate to the corresponding section in relation to United Nations mandatory learning programmes, the courses conducted by the Office and compliance with policies designed and implemented by the Office, and any other document of the employee that should be available in a repository.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

54. The central repository for certificates on courses completed in Inspira is the learning page of each staff member's Inspira profile. They are encouraged to send copies of the certificates for inclusion in their official status file. The administration team has an overview of course compliance through a management dashboard.

55. In paragraph 153, the Board recommended that the Office of Investment Management develop and implement a mechanism or methodology that allows for the tracking of all investment commitments to be disclosed in the financial statement at any time of the year.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

56. The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.

57. In paragraph 154, the Board recommended that the Office of Investment Management establish a formal procedure among the legal team, Senior

Investment Officers and operations team to obtain timely information about the deals that have been closed during the year for preparing the note on investment commitments included in the notes to the financial statements.

Area responsible: Office of Investment Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2020

58. The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.

59. In paragraph 160, the Board recommended that the Office of Investment Management develop a digital repository/file containing all the information for each fund needed to support the acquisition process, from the evaluation stage to the point at which the transaction had been deemed satisfactory from a business and legal perspective and had satisfied any conditions imposed by the Private Markets Committee.

Area responsible: Office of Investment Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2020

60. The Office is in the process of implementing a software platform that would allow for the proper tracking of all aspects of investment commitments.

61. In paragraph 161, the Board recommended that the Office of Investment Management develop, document and implement a detailed procedure that establishes the stages for closing an agreement concerning real assets and alternative investments.

Area responsible: Office of Investment Management
Status: In progress
Priority: Medium
Target date: Fourth quarter of 2020

62. A detailed procedure on the establishment of the general process for closing agreements pertaining to new alternative investments is addressed in the document on the investment procedure, which is being finalized and will be adopted.

63. In paragraph 170, the Board recommended that the Office of Investment Management assess the design and operation of the current controls and develop a method to detect inaccuracies related to the financial statements closing process in order to ensure that the controls operate effectively, as designed.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2020

64. The implementation of this recommendation is in progress. The Office is enhancing the year-end closing checklist, which will be updated and included in the Office's procedures manual and distributed.

65. In paragraph 171, the Board recommended that the Office of Investment Management disseminate an enhanced and approved version of its procedures manual once the procedures and controls performed had been appropriately reflected in the manual.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Fourth quarter of 2020

66. The implementation of this recommendation is in progress. The Office is enhancing the year-end closing checklist, which will be updated and included in the Office's procedures manual and distributed.

67. In paragraph 180, the Board recommended that the authorities of the Office of Investment Management ensure compliance with the mandatory leave policy, avoiding possible fraudulent situations.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	Medium
<i>Target date:</i>	Third quarter of 2020

68. This recommendation has been implemented. The Office's senior management will make every effort to ensure compliance with the Office's mandatory leave policy, which requires staff members to take annual leave for 10 consecutive days as a control mechanism for mitigating fraud. The policy also promotes knowledge transfer so that alternate or back-up staff members can perform roles for business continuity purposes in cases of extended leave. The Deputy Director for Risk and Compliance may approve exceptions to mandatory leave in exceptional circumstances and where merited. In the past cycle, exceptions to the mandatory leave policy were granted for 14 employees.

III. Implementation of the recommendations contained in the reports of the Board of Auditors on the United Nations Joint Staff Pension Fund for prior financial periods

69. In the annex to its report for the year ended 31 December 2019 (A/75/5/Add.16, chap. II), the Board provided a summary of the status of implementation of recommendations from previous financial periods.

70. As of August 2020, the overall situation regarding the 11 recommendations assessed by the Board as not having been fully implemented is summarized in table 3.

Table 3

Status of implementation of extant recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors

<i>Area responsible</i>	<i>Number of recommendations</i>	<i>Implemented</i>	<i>In progress</i>	<i>Target date set</i>	<i>No target date</i>
Office of Investment Management	6	0	6	6	–
Pension Administration	5	0	5	5	–
Total	11	0	11	11	–
Percentage	100	–	100		

Note: In addition, the Board's report contains one audit recommendation addressed to Pension Fund member organizations.

Report of the Board of Auditors for the year ended 31 December 2017

71. In paragraph 38 in its report for the year ended 31 December 2017 (A/73/5/Add.16, chap. II), the Board further recommended that the Fund have a system audit done of the Integrated Pension Administration System to identify the deficiencies and issues in the system so that they can be corrected.

Area responsible: Pension Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2020

72. In November 2018, the Fund issued an expression of interest for a comprehensive independent third-party audit of the Integrated Pension Administration System. Twelve vendors responded to the expression of interest. An invitation to bid was sent to all firms registered with the United Nations Global Marketplace. The audit is expected to be completed before the end of the year.

73. In paragraph 47, the Board further recommended that the Fund develop a system for receiving the required documents through a secure electronic interface.

<i>Area responsible:</i>	Pension Administration
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2021

74. The requirements for the two interface projects on separation data with the United Nations are before the enterprise resource planning system provider. The Integrated Pension Administration System will be adjusted accordingly. In parallel, the Fund continues to improve its already strong relations with the member organizations through the use of designated focal points to facilitate and expedite the submission of separation documents. The Fund has started a pilot project with the United Nations Development Programme and the United Nations Children's Fund (UNICEF) to receive separation notifications electronically. Because of the coronavirus disease (COVID-19) health crisis, dedicated mailboxes for the electronic submission of separation documents are available for all members organizations.

75. In paragraph 62, the Board recommended the Fund develop an automatic signature verification system to facilitate the certificate of entitlement process.

<i>Area responsible:</i>	Pension Administration
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2021

76. The automated signature verification system is in the final stages of procurement. The Fund will initiate the implementation of the system later in 2020.

77. In paragraph 86, the Board recommended that the Fund properly plan and execute the acquisition of critical software.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2020

78. A request for proposal was finalized and the contract is being negotiated with the vendor. It is expected that the contract will be finalized by the fourth quarter of 2020.

Report of the Board of Auditors for the year ended 31 December 2018

79. In paragraph 79 of its report for the year ended 31 December 2018 (A/74/5/Add.16, chap. II), the Board recommended that the Fund create a project with committed member organizations to carry out the reconciliation process more than once per year, defining the different criteria, activities, deadlines, roles and responsibilities applicable to the Fund and the member organization and establishing percentages for the progress of its implementation, in order to obtain complete and accurate information regarding the contributions of each participant in a timely manner.

<i>Area responsible:</i>	Pension Administration
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2021

80. The Fund completed a pilot monthly contribution interface project with the International Civil Aviation Organization in October 2019. The programme direction team for the interface programme first met in November 2019. On that occasion, the business case and programme definition document were updated. The programme direction team approved extending the pilot project to the United Nations Industrial Development Organization and two other member organizations. Schedules for pending interface projects and the roll-out of the monthly contribution project to other member organizations will be completed in the medium term.

81. In paragraph 80, the Board recommended that the Fund make efforts to establish a method of working with organizations that had not yet committed to carrying out the reconciliation process periodically, in order to ensure that the reconciliation process takes place more than once per year and the Fund receives the necessary information on the same date. In the case of member organizations that cannot participate in the periodical reconciliation project more than once per year, the Fund secretariat should obtain technical documentation that supports the decision made.

<i>Area responsible:</i>	Pension Administration
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2021

82. The Fund will continue the monthly contribution interface project with other member organizations on a medium-term basis, implementing it only when the resources, budget and technology required are available for the Fund and specific member organizations.

83. In paragraph 136, the Board recommended that the Office design and implement instructions, training and procedures that explain the process to be performed by the investment officers regarding the analysis and evaluation of environmental, social and governance metrics for each asset class, including the metrics to be used during the investment decision-making process, as well as the record of and support for the decision made on the basis thereof.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Third quarter of 2020

84. Under the supervision of the Director of the Office, and in cooperation with respective investment teams and investment support sections (information technology, risk and compliance and administration), the Office's sustainable

investment team incorporated environmental, social and governance metrics into its investment decision-making process by undertaking the following:

(a) Updating the Office's investment policy statement to stipulate that the Office should strive to ensure that all its activities integrated the ideals of sustainable investing, including taking into account environmental, social and governance metrics, while remaining entirely consistent with its fiduciary responsibility to meet its long-term investment objective;

(b) Creating implementation guidelines on environmental, social and governance metrics that clearly explained the integration of those metrics and that were used in the investment decision-making process for each respective asset class;

(c) Formally training investment officers across all asset classes on the methodology and functionality of all internal and external environmental, social and governance platforms to further enhance their understanding of the tools and facilitate the integration of environmental, social and governance metrics into their investment decision-making processes;

(d) Ensuring that environmental, social and governance analysis and metrics were streamlined and built into the documentation of the investment recommendation process and were overseen by the Internal Investment Committee, for internal public equity and fixed income, and the Private Markets Committee, for private equity, real estate and real assets;

(e) Publishing annual sustainable investing reports and updating the Office's website to include information on the Office's approach to sustainable investing;

(f) Logging attendance at all training sessions (with the requirement that at least one team member from each portfolio team attend each training and share information with absent team members), and sending confirmations to each Senior Investment Officer about attendance at training sessions and the completion of training, with each Senior Investment Officer required to sign off on integration guidelines upon receipt;

(g) Encouraging each Senior Investment Officer to integrate environmental, social and governance considerations into their investment decision-making process.

85. The environmental, social and governance objective of the Representative of the Secretary-General for the investment of the assets of the Fund in his senior manager's compact with the Secretary-General is to "improve the Fund's environmental, social, and governance profile and position it as a leader in sustainable investing, without compromising on Fund's return objectives". This is an Organization-wide goal and, accordingly, has been communicated at all staff meetings and included in the workplans of the Director, the Investment Officer at the D-1 level and the senior investment officers at the P-5 level.

86. In paragraph 138, the Board recommended that, in the case of private markets, while finalizing the implementation of the system for this type of investments, the Office should reinforce the due diligence process with the Fund's external managers, in order to ensure that environmental, social and governance metrics are considered in the aforementioned process.

Area responsible: Office of Investment Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2020

87. The sustainable investment team developed due diligence guidelines on external managers for private markets that outlined material environmental, social and governance factors to consider, how each factor was used in the context of private markets, best practices for the incorporation of environmental, social and governance factors by external funds and how those material factors could have an impact on the risk-adjusted return of the Fund's private markets portfolio. The document contains explanations of the communication and dialogue tools for investment managers in the Office and external managers, in order to ensure that environmental, social and governance issues are monitored and that such opportunities are capitalized on. Furthermore, the sustainable investment team finalized and streamlined a formal environmental, social and governance process that is embedded in the private market investment decision-making process for each private market team and must be followed prior to submitting investment recommendations. This includes the requirement for fund managers to request and verify the environmental, social and governance policy. The Private Markets Committee provides oversight to ensure that environmental, social and governance metrics and guidelines have been incorporated and considered for each private market investment recommendation of private equity, real estate and real assets. The sustainable investment team is developing a dashboard system for private markets, similar to the one used for public equity, to display material fundamental and environmental, social and governance data.

88. In paragraph 148, the Board recommended that the Office of Investment Management develop and implement an independent system to carry out, in real time, the registration and monitoring of investments in real assets and alternative investments as soon as the Front Office receives the notification by the Fund's investment managers.

<i>Area responsible:</i>	Office of Investment Management
<i>Status:</i>	In progress
<i>Priority:</i>	High
<i>Target date:</i>	Fourth quarter of 2020

89. The Office acknowledges that the automation of the entire alternative investments process is important. In anticipation of the potential growth of the alternative investments portfolio and the limited scalability of existing manual controls and resources, the Office recognizes the need to have a sophisticated system to manage the alternative investments portfolio. The Office finalized the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management in October 2019. The vendor selection was approved by the Headquarters Committee of Contracts in February 2020, and the process will move forward. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.

90. In paragraph 149, the Board recommended that the information on each transaction carried out by the Office, such as amounts, instructions and administration fees, be recorded in the aforementioned independent system.

Area responsible: Office of Investment Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2020

91. As explained in paragraph 88, the Office has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.

92. In paragraph 150, the Board recommended that the process be traceable through the system, so as to provide complete and accurate information for decision-making, in a timely manner, and that the information be compared with the information maintained in the independent master record keeper's official book of records.

Area responsible: Office of Investment Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2020

93. As explained in paragraph 88, the Office has finalized the first part of the process of seeking services related to processing and fund administration for alternative investments (real assets and private equity) and related information management. The services, including the software platform, will effectively support the Office with a more automated process. The target date of December 2020 reflects the time that it will take to complete the many steps required, some of which will involve other areas, such as the Procurement Division and the Office of Legal Affairs, in order to be finalized, as well as the technical implementation phase.