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United Nations

United Nations Children's Fund

Financial report and audited financial statements

for the biennium ended 31 December 2009 and

Report of the Board of Auditors

General Assembly
Official Records
Sixty-fifth Session
Supplement No. 5B

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Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Contents

Letters of transmittal

31 March 2010

Pursuant to United Nations Children's Fund financial regulation 13.3, enclosed are the financial report and statements for the biennium 2008-2009. These statements have been prepared and signed by the Comptroller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Ann M. **Veneman**
Executive Director

The Chair of the Board of Auditors
United Nations
New York

30 June 2010

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Children's Fund for the biennium ended 31 December 2009.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chair, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

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

We have audited the accompanying financial statements of the United Nations Children's Fund for the biennium ended 31 December 2009, which comprise the statement of assets, liabilities, reserves and fund balances as at 31 December 2009 (statement II); the statement of income and expenditure and changes in reserve and fund balances (statement I); the statement of cash flow (statement III); the statement of appropriations (statement IV); statements V to VII; and the supporting statements, schedules and explanatory notes. The audit did not cover annexes I and II to the financial statements.

Management's responsibility for the financial statements

The Comptroller of the United Nations Children's Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards, and for such internal control as management deems necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations Children's Fund as at 31 December 2009 and its financial performance and cash flows for the period then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations Children's Fund that have come to our notice, or which 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 Children's Fund and legislative authority.

In accordance with article XIV of the Financial Regulations and Rules of the United Nations Children's Fund and the related annex, we have also issued a long-form report on our audit of the United Nations Children's Fund.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chair of the United Nations Board of Auditors

(*Signed*) **Liu** Jiayi
Auditor-General of China
(Lead Auditor)

(*Signed*) Didier **Migaud**
First President of the Court of Accounts of France

30 June 2010

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations Children's Fund (UNICEF) for the biennium ended 31 December 2009. The audit was carried out through field visits to six regional offices and 11 country offices, as well as a review of the financial transactions and operations at headquarters in New York, Geneva, Copenhagen and Florence, Italy. The audit did not cover annexes I and II to the financial statements.

Audit opinion

The Board issued an unmodified audit opinion on the financial statements for the period under review (see chapter I).

Follow-up of previous recommendations

Of the 38 recommendations made for the biennium 2006-2007, 26 (68 per cent) were fully implemented and 12 (32 per cent) were under implementation. Details regarding the status of implementation of the recommendations are shown in annex II. The Board noted a 17 per cent decrease in the implementation rate compared with that in the previous biennium. The Board also determined the age of the 12 recommendations under implementation and noted that they were first made in 2006-2007.

Financial overview

For the period under review, total income was $6.61 billion, compared with $5.75 billion for the previous biennium, an increase of 15 per cent. Total expenditure amounted to $6.32 billion, compared with $5.1 billion for the previous biennium, an increase of 24 per cent. This resulted in an excess of income over expenditure of $0.29 billion, compared with an excess of $0.65 billion in the preceding biennium.

A total of 75 per cent of the increase in income was attributed to the increase in voluntary contributions from Governments and intergovernmental agencies. The increase in expenditure of $1.22 billion was due mainly to the increase in programme assistance expenditure of $1.11 billion.

Progress towards the implementation of the International Public Sector Accounting Standards

UNICEF, together with other United Nations agencies, had originally planned to adopt the International Public Sector Accounting Standards (IPSAS) in 2010. However, in June 2009, the UNICEF Executive Board took note of a proposal to defer the full implementation of IPSAS until 2012, based on a review of organizational initiatives, primarily the synchronization with the introduction of new enterprise resource planning systems ("One ERP") and the related financial implications. The Fund's IPSAS communication and training plan had not been updated according to the new timeline for full IPSAS adoption.

Statement of income and expenditure

According to the UNICEF basic cooperation agreement with Governments, Government partners are required to submit annual audited financial statements to UNICEF. From the 15 country offices sampled, there was no evidence that audited financial statements had been received for the period under review.

UNICEF recognized its cash transfers to implementing partners in advance of the actual programme implementation as expenditures when the cash transfers were disbursed, which is not in keeping with the principle of the accrual basis of accounting for expenditure. This matter had previously been drawn to the attention of UNICEF.

End-of-service liabilities, including after-service health insurance

End-of-service liabilities as at 31 December 2009 amounted to $578.28 million, compared with $568.36 million as at the end of the previous biennium, an increase of $9.92 million. This increase was due mainly to the revaluation of unused vacation days and repatriation benefits using actuarial calculations, as well as the inclusion of active staff in the determination of UNICEF after-service health insurance liabilities.

In its previous report, the Board noted that UNICEF had not provided for its end-of-service liabilities (including after-service health insurance) but disclosed those liabilities in the notes to the financial statements. Accordingly, the Board had recommended that UNICEF consider disclosing its end-of-service liabilities on the face of the financial statements. For the period under review, however, UNICEF continued to disclose its end-of-service liabilities in the notes to the financial statements. In addition, the census data used in the computation of end-of-service liabilities was partly outdated.

Results-based management/budgeting

UNICEF presented the biennium support budget for 2008-2009 using a results-based budgeting format. Some of the results, however, were not specific, measurable, attainable, relevant and time-bound and some of the indicators were not measurable. Furthermore, there were no budget estimates for each result nor were activities defined for each result. In addition, some weaknesses were observed in relation to the extension of programme budget allotments. These included: (a) high extension rates of programme budget allotments; (b) untimely submission of some programme budget allotment extension requests; and (c) the absence of established mechanisms to monitor the timeliness of the submission of programme budget allotment extension requests by field offices.

Cash transfers

As at 31 December 2009, a total amount of $507.86 million in cash transfers remained outstanding, of which amounts totalling $4.51 million had been outstanding for more than nine months. In addition, at some field offices, acknowledgement receipts for cash transfers were not obtained from implementing partners, and some acknowledgement receipts were not attached to the related payment vouchers.

Programme and project management

Of the 260 completed evaluation reports for 2009, 163 (63 per cent) were not uploaded to the UNICEF online evaluation database within the three-month time frame specified for the completion of reports, while 45 (or 43 per cent) of the 105 completed evaluation reports for 2008 were not rated by the Evaluation Office within the six-month time frame, as required by the UNICEF evaluation policy (E/ICEF/2008/4).

Procurement and contract management

A number of deficiencies in relation to competitive bidding were noted. In particular, written solicitation documents were sent only to two suppliers, which was not in compliance with the requirements of the UNICEF Supply Manual. In addition, in some procurement cases, the lowest-bid principle was not followed and there were no adequate justifications. Solicitation documents were also sent to suppliers who were not pre-qualified. Furthermore, in some field offices, procured items were delivered beyond the due dates and there were no penalty clauses for late delivery.

Non-expendable property management

As at 31 December 2009, the total value of non-expendable property amounted to $155.84 million, a 9 per cent increase compared with the balance of $142.61 million in the previous biennium. In a physical count conducted by UNICEF at its New York headquarters, 1,005 items, amounting to $3.24 million, could not be located. In addition, some discrepancies were noted between the results of physical counts and database records at headquarters and some field offices.

Inventory management

At the Supply Division, the reports on programme supplies about to expire were not submitted to the Property Survey Board on a monthly basis as required by the Division's procedures. There were also delays in the approval by the Director of the Supply Division based on the Property Survey Board recommendations relating to the programme supplies about to expire.

Human Resources Management

As at 31 December 2009, 1,898 (18 per cent) of the 10,518 approved posts were vacant. In 13 field offices and headquarters divisions, the vacancy rates were more than 30 per cent. The high vacancy rates could adversely affect the capacity of UNICEF to implement the planned activities. In addition, at UNICEF headquarters and some field offices, the performance evaluation reports were not completed within the time frame set out in the UNICEF Human Resources Manual. Furthermore, no office/division was responsible for monitoring the completion status of performance evaluation reports.

Enterprise resource planning systems

UNICEF planned to roll out the "One ERP" system to all its offices by the end of 2011. The project was in the phases of realization and upgrading of global infrastructure. Those two phases covered six major tasks: system development, system testing, updating the regulatory framework, training preparation and development, preparing for the roll-out of the system and setting up and developing support capacity. However, some of the activities relating to updating the regulatory framework were not being carried out in a timely manner.

Internal audit function

According to the 2008-2009 office management plan of the Office of Internal Audit, there should be no recommendations outstanding for more than 18 months. As at 31 March 2010, there were still seven audit recommendations outstanding for more than 18 months relating to the regional offices and Headquarters audits.

Internal audit findings

During the biennium 2008-2009, the Office of Internal Audit conducted 50 audits of country offices and issued 730 audit observations. A total of 18 headquarters, systems and thematic audits were also carried out during the period under review.

The key observations made during the audits of country offices included: (a) weak strategic planning and priority setting; (b) lack of a systematic approach to risk management; (c) weaknesses in human resources strategy and recruitment; (d) deficiencies in relation to the assessment of implementing partners' capacities; (e) weakness in evaluation functions; (f) insufficient knowledge of the situation of children and weak advocacy for children's rights; (g) weaknesses in the processing of financial transactions and the implementation of financial controls; (h) deficiencies in the procurement of supplies and the selection of suppliers; and (i) deficiencies in the management of inventory and assets.

The key observations made in the headquarters, systems and thematic audits included: (a) lack of sufficient guidance and support for efficient operation functions in country offices; (b) weaknesses in treasury management; (c) deficiencies in relation to the management of evaluation in country offices; (d) weaknesses in oversight and operations support to the country offices and the management of internal operations in the regional offices; and (e) weaknesses in the management of the information and communication technology function in country offices.

Revenue-producing activities

There was a decline in the proportion of regular resources to overall income, as well as a decrease in thematic funds as a percentage of other resources. This could affect the capacity of UNICEF to provide continued leadership on child-related priorities and its ability to realize its medium-term strategic plan for the period 2006-2011.

According to the standard cooperation agreement between the National Committees and UNICEF, each National Committee may be authorized to retain up to 25 per cent of its revenue. However, 24 National Committees had overall retention rates of more than 25 per cent in both 2008 and 2009.

While the percentage of donor reports submitted on time by country offices increased from 77 per cent in 2007 to 82 per cent in 2009, in 10 offices, 155 sampled donor reports were submitted after the due dates, with delays ranging from 1 day to 437 days.

Disclosures by management

Management made certain disclosures, set out in section C of the present report as regards write-off of losses of cash, receivables and property, and cases of fraud and presumptive fraud.

Recommendations

The Board has made a number of recommendations based on its audit. The main recommendations are that UNICEF:

(a) **Update its IPSAS communication and training plan according to the new timeline for full IPSAS adoption;**

(b) **Review its current practice of obtaining assurance on programme expenditures and take appropriate measures to obtain such assurance to ensure the validity of the programme expenditures;**

(c) **Consider amending its Financial Regulations to ensure that under the accounting treatment in relation to cash transfers, such transfers provided in advance to the implementing partners are recorded as advances and are recognized as programme expenditure only until the appropriate financial utilization reports have been received;**

(d) **Revise its accounting policy and disclose its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS;**

(e) **Take appropriate measures to ensure the accuracy of the data used in the computation of end-of-service liabilities (including after-service health insurance) in future financial periods;**

(f) **Develop training courses for staff members in respect of results-based budgeting methodology; include in future budget submissions resource estimates, as well as activities, for each expected result; and establish a monitoring mechanism to facilitate the tracking of budget implementation as well as progress towards the achievement of results;**

(g) **Provide necessary support to the offices with higher extension rates to improve programme implementation; and put in place measures to monitor the timeliness of the submission of requests for programme budget allotment extensions by field offices;**

(h) **Intensify its efforts to settle long-outstanding cash transfers;**

(i) **Ensure that its field offices comply with financial circular 15 on the issuance of official receipts by the recipients of cash transfers;**

(j) **Ensure that all the completed evaluation reports are submitted and rated in a timely manner in accordance with the provisions of the UNICEF evaluation policy (E/ICEF/2008/4);**

(k) **Strictly comply with the provisions in the Supply Manual in relation to competitive bidding and maintain written justifications in related files for exceptions;**

(l) **Ensure that all offices include in purchase orders a penalty clause for late delivery in accordance with the provisions in the UNICEF Supply Manual;**

(m) **Take appropriate measures to improve its management of non-expendable property, including ensuring the completeness and accuracy of the non-expendable property records;**

(n) **Ensure that the Supply Division adhere strictly to Supply Division procedure 006 to deal with stock materials nearing the end of their shelf life;**

(o) **Review the need for posts that have been vacant for a long period; and take appropriate measures to fill the remaining vacancies;**

(p) **Adhere strictly to the provisions of the UNICEF Human Resources Manual in relation to performance evaluation; and establish a mechanism to monitor the overall completion rate of performance evaluation reports;**

(q) **Expedite the implementation of the "One ERP" project in accordance with its project plan;**

(r) **Accelerate the implementation of the internal audit recommendations stemming from headquarters and regional office audits;**

(s) **Strengthen advocacy and communication with current and potential donors to increase regular resources and global thematic funds;**

(t) **Adhere strictly to the provisions of the UNICEF Financial Regulations and Rules in relation to the retention of income by National Committees;**

(u) **Determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

The Board's other recommendations appear in paragraphs 40, 45, 50, 54, 58, 75, 84, 106, 115, 138, 142, 145, 149, 153, 168, 172, 181, 188, 192, 200, 211, 216, 220, 222, 247, 255, 258, 261, and 267 of the present report.

A. Mandate, scope and methodology

1. The Board of Auditors has audited the financial statements of the United Nations Children's Fund and has reviewed its operations for the financial period from 1 January 2008 to 31 December 2009 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article XIV of the UNICEF Financial Regulations and Rules and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. The audit did not cover annexes I and II to the financial statements.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNICEF as at 31 December 2009 and the results of its operations and cash flows for the financial period then ended in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and

recorded in accordance with UNICEF Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

3. In addition to auditing the accounts and financial transactions, the Board reviewed UNICEF operations under UNICEF financial regulation 12.5. This requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of UNICEF operations. The General Assembly had also requested the Board to follow up on previous recommendations and to report to it accordingly. Those matters are addressed in the relevant sections of the present report.

4. The Board continued to report the results of audits to UNICEF in the form of management letters containing detailed observations and recommendations. This practice allowed for ongoing dialogue with the administration. In this regard, 20 management letters were issued covering the period under review.

5. The Board coordinated with the UNICEF Office of Internal Audit in the planning of its audits in order to avoid duplication of effort and to determine the extent of reliance that could be placed on the latter's work.

6. Where observations in the present report refer to specific locations, such observations are limited to those locations.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including specific requests from the General Assembly and the Advisory Committee on Administrative and Budgetary Questions.

8. The Board's observations and conclusions were discussed with the administration, whose views have been appropriately reflected in the report.

9. The recommendations contained in the present report do not address steps which UNICEF may wish to consider in respect of officials for instances of non-compliance with its Financial Regulations and Rules, administrative instructions and other related directives.

B. Findings and recommendations

1. Follow-up of previous recommendations

10. Of the 38 recommendations made by the Board for the biennium 2006-2007, 26 (68 per cent) had been fully implemented and 12 (32 per cent) were under implementation. Details of the status of implementation of the recommendations are shown in annex II. With regard to the previous biennium, 85 per cent of the recommendations had been fully implemented; 14 per cent were under implementation; and 1 per cent had not been implemented. This represented a decrease in the implementation rate for the biennium 2006-2007 compared with that for the previous biennium. UNICEF explained that some of the recommendations made for the biennium 2006-2007 related to different areas and would take longer and require more effort to implement.

11. With respect to the 12 recommendations for the 2006-2007 biennium which were still under implementation (see table II.1), UNICEF indicated that most of

them would be implemented with the roll-out of the new enterprise resource planning systems and compliance with the International Public Sector Accounting Standards, which it was planning to adopt in January 2012.

Table II.1
Details of recommendations under implementation

	Summary of recommendation	*Status as at 30 April 2010*
1.	Donor reporting: determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements (all field offices)	UNICEF had put in place mechanisms to improve the donor reporting process. Further monitoring tools were planned for implementation which would improve donor reporting.
2.	Cash assistance to Governments: comply with financial circular 15 (Rev.3) on the issuance of official receipts by recipients of cash assistance (all field offices)	UNICEF had implemented this recommendation in many country offices and would continue to work with its country offices to ensure that official receipts were received from recipients of cash assistance.
3.	Cash assistance to Governments: closely monitor cash assistance provided to Governments to ascertain whether such assistance is utilized in accordance with the objectives of the approved projects; clear all long-outstanding cash assistance/transfers to Governments; and make further cash transfers to implementing partners only upon the submission of cash utilization reports (all field offices)	UNICEF has continued to follow up with country offices using the various monitoring tools currently available. Long-outstanding balances were due to different situations faced by implementing partners, including staff turnover and delayed implementation of projects.
4.	Financial control: monitor regularly the changes made in the document authorization tables; update periodically the tables of authority; and establish procedures to ensure that the assignment of financial authorities in the Programme Manager System is consistent with that contained in the table of authority (all field offices)	UNICEF had reconciled differences at many country offices and has continued to work with its offices to reconcile the remaining differences.
5.	End-of-service liabilities: consider disclosing end-of-service liabilities on the face of the financial statements and determine mechanisms to fully fund those liabilities (New York headquarters)	UNICEF would continue to review its disclosure of end-of-service liabilities on the face of the financial statements in conjunction with the adoption of the International Public Sector Accounting Standards in January 2012.
6.	Investment: disclose the details of the investment portfolio, including the market value of the investments under both the short-term and long-term classifications (New York headquarters)	UNICEF would improve disclosure in conjunction with the adoption of the International Public Sector Accounting Standards in January 2012.

	Summary of recommendation	*Status as at 30 April 2010*
7.	Assets management: Review non-expendable property management processes and control of property records (New York headquarters)	UNICEF was in the process of reviewing and strengthening its manual non-expendable property management procedures, while awaiting the implementation of "One ERP" in 2012, including the new asset accounting module, which would automate many of the current manual processes. As part of this new system roll-out, non-expendable property management policies and procedures would also be reviewed and revised to reflect system changes as well as the roles and responsibilities of the purchasing divisions in terms of accountability for assets purchased by them.
8.	Consultants, experts and temporary assistance: comply with the requirements of the Human Resources Manual and the related administrative instructions in the hiring of consultants in respect of selection procedures, the signing of special service agreements before the commencement of work, medical examinations and performance evaluation (all field offices)	UNICEF had put in place mechanisms to improve the management of consultants, experts and temporary assistance in many country offices. UNICEF would continue to work with its offices to comply with the requirements of the Human Resources Manual.
9.	Revenue-producing activities: enforce financial rule 9.04 relating to the retention of income by National Committees (Private Fund-raising and Partnerships Division)	The revised cooperation agreement with National Committees which was currently under final negotiation incorporated revised wording regarding the contribution rate and also specified additional actions required in those cases where the 25 per cent retention rate was not being met.
10.	Revenue-producing activities: Evaluate the applicability of the 25 per cent retention rate to all National Committees (Private Fund-raising and Partnerships Division)	
11.	Revenue-producing activities: In consultation with National Committees, revise the reporting calendar for the submission of the final reports to coincide with the deadline for financial reporting (Private Fund-raising and Partnerships Division)	UNICEF explained that revising the reporting calendar of National Committees was part of the longer-term strategy discussion of future business models for the card and gift operations.
12.	Travel management: Comply with policies and procedures on the submission of travel reports and ensure that travel advances are cleared within 15 days of the completion of travel (all field offices)	UNICEF had implemented monitoring tools in many country offices to improve the submission of travel claims. This included a revised travel policy implemented in 2009, which clarified the responsibilities of staff with regard to travel claims.

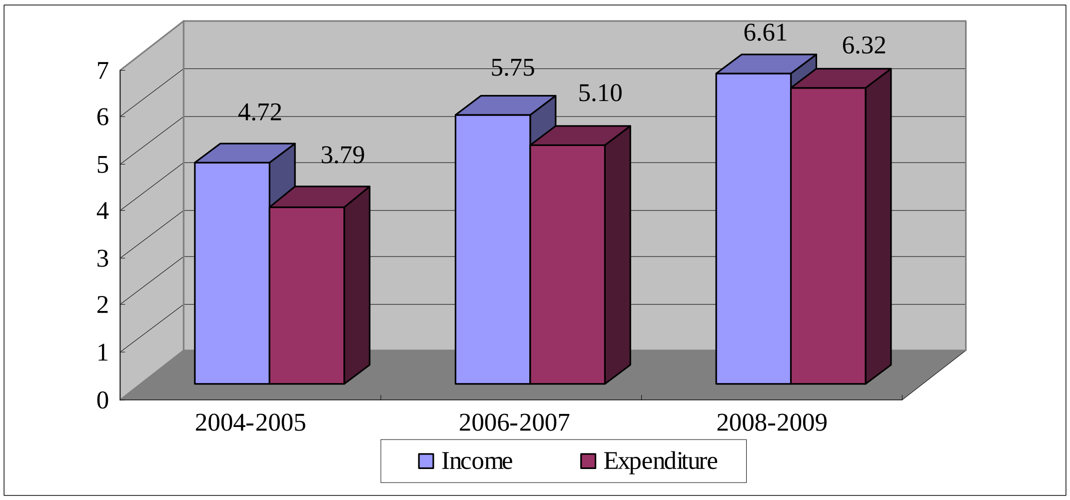
12. At the request of the Advisory Committee on Administrative and Budgetary Questions (A/59/736, para. 8), the Board determined the age of its previous

recommendations and noted that all 12 recommendations under implementation were first made in 2006-2007.

2. Financial overview

13. Total income for the period under review amounted to $6.61 billion, while total expenditure was $6.32 billion, giving an excess of income over expenditure of $286.24 million. Comparative income and expenditures for the financial periods 2004-2005, 2006-2007 and 2008-2009 are shown in figure II.1.

Figure II.1
Comparative income and expenditure
(Billions of United States dollars)



14. For the biennium 2008-2009, income totalled $6.61 billion, compared with $5.75 billion for the biennium 2006-2007, an increase of $0.86 billion, or 15 per cent. A total of 75 per cent of the increase was attributed to the increase in voluntary contributions from Governments and intergovernmental agencies, which rose from $3.35 billion for the biennium 2006-2007 to $3.99 billion for the biennium 2008-2009. The increase in expenditure of $1.22 billion (24 per cent) was due mainly to the increase in programme assistance expenditure of $1.11 billion, from $4.64 billion for the biennium 2006-2007 to $5.75 billion for the biennium 2008-2009.

15. As shown in table II.2, an improvement was noted in the ratio of unliquidated obligations to total liabilities, while slight decreases were observed in the other two ratios relating to cash/total assets and cash/total liabilities. The decreases were due mainly to the reduction in cash and term deposits by $91.34 million (4 per cent).

Table II.2
Ratios of key financial indicators

Ratio	Biennium ended 31 December 2007	Biennium ended 31 December 2009	Component of 2009 ratio[a]
Cash/total assets[b]	0.65	0.56	2 138.49/3 800.07
Cash/total liabilities[c]	2.79	2.45	2 138.49/871.53
Unliquidated obligations/total liabilities[d]	0.34	0.30	264.38/871.53

[a] In millions of United States dollars.
[b] A high indicator reflects a healthy financial position.
[c] A low indicator is a reflection of insufficient cash available to settle debts.
[d] A low indicator is a positive reflection of obligations being liquidated.

16. As at 31 December 2009, investment amounted to $838.95 million, compared with $445 million as at 31 December 2007, an increase of 89 per cent. The investment income for the biennium 2008-2009 amounted to $49.95 million.

3. Progress towards the implementation of the International Public Sector Accounting Standards

17. In accordance with resolution 61/233 and in response to the comments made by the Advisory Committee on Administrative and Budgetary Questions in its relevant report (A/61/350), the Board again conducted a gap analysis relating to the implementation of the International Public Sector Accounting Standards (IPSAS) at UNICEF.

Project governance and organization

18. The General Assembly, in its resolution 60/283, approved of the adoption of IPSAS. UNICEF, together with other United Nations agencies, had originally planned to adopt the Standards in 2010. The IPSAS project shares a project board with the “One ERP” project. The project board comprises divisional directors and field representatives and is chaired by the Deputy Executive Director, Management. A project implementation team was established comprising one project manager and two IPSAS specialists. In September 2008, the project board approved the project charter, in which the objectives and scope of the project were defined.

19. In June 2009, the UNICEF Executive Board took note of the proposal to defer the full adoption of IPSAS until 2012, based on a review of organizational initiatives, primarily the synchronization with the introduction of “One ERP” and the related financial implications. In July 2009, the project charter was updated to reflect the revision of the strategy to achieve full IPSAS adoption by 2012. The project implementation team was expanded to include divisional coordinators for the “One ERP” project and IPSAS focal points in key divisions where significant policy development and implementation work was needed.

IPSAS implementation

20. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 120), the Board noted that UNICEF had no IPSAS adoption plan, and it had recommended that UNICEF develop a plan detailing the various steps to be taken leading to the full

implementation of IPSAS by 2010. The Board reviewed the efforts undertaken by UNICEF to implement this recommendation and noted that a high-level implementation approach had been approved by the project board, that a detailed policy development plan had been produced and implemented and that detailed implementation plans were being produced. At the time of audit, 16 main policy position papers had been finalized and endorsed by the project board.

21. The UNICEF IPSAS communication and training plan had not been updated according to the new timeline for full IPSAS adoption. The Board is of the view that the success of the implementation of IPSAS will to a large extent depend on the careful monitoring of the various milestones leading to its full implementation, including communication with relevant stakeholders, as well as training of staff members.

22. **UNICEF agreed with the Board's recommendation that it update its IPSAS communication and training plan according to the new timeline for full IPSAS adoption.**

23. UNICEF commented that the main communication activities in the existing plan for 2010 remained unchanged. The communication component of the plan would therefore be extended until 2011 accordingly. UNICEF was producing a detailed training plan that would incorporate the IPSAS element.

4. Statement of income and expenditure

Audited financial statements of implementing partners

24. As provided in the standard basic cooperation agreement between UNICEF and Governments, the Government shall, as soon as possible, but in any event within 60 days after the end of each of the UNICEF financial years, submit to UNICEF progress reports on the programme of cooperation and certified financial statements, audited in accordance with existing Government rules and procedures.

25. The Board was not provided with relevant information regarding the number of Government partners and related programme expenditure that are subject to the requirement for audited financial statements. In addition, from the 15 country offices sampled, there was no evidence that audited financial statements had been obtained from Government partners in the biennium 2008-2009.

26. **The Board recommends that UNICEF review its current practice of obtaining assurance on programme expenditures and take appropriate measures to obtain such assurance to ensure the validity of the programme expenditures.**

27. UNICEF commented that according to the Framework for Cash Transfers to Implementing Partners, approved by the United Nations Development Group in September 2005, the funding authorization and certificate of expenditures form is intended to replace all other documentation used by partners for requesting funds and reporting expenditure. UNICEF further commented that, since under the harmonized approach to cash transfers all implementing partners are required to submit certification of actual expenditures on a regular basis, requesting annual certified financial statements from partners would entail an additional administrative burden (and cost).

28. Notwithstanding the explanation given by UNICEF, the Board remains of the view that the funding authorization and certificate of expenditures form is the internal document for reporting on the utilization of cash transfers and that it would be more appropriate for UNICEF to obtain independent external assurance on the validity of the programme expenditures through audited financial statements.

Accounting treatment for cash transfers to implementing partners

29. Paragraph 4 of the United Nations system accounting standards provides that the accrual basis is one of the fundamental accounting assumptions applied in the United Nations system, and the accrual basis of accounting for expenditure in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made. As indicated in note 2 to the financial statements, all expenditures of UNICEF are accounted for on an accrual basis, except for certain expenditures relating to staff entitlements.

30. For the biennium 2008-2009, the total programme expenditure of UNICEF amounted to $5.75 billion, of which $1.68 billion represented cash transfers to implementing partners provided as cash assistance to governments or cash transfers to implementing partners under a direct cash transfer modality. These were disbursed in advance of programme implementation and were recorded as expenditure instead of as advances. That practice is contrary to the principle of the accrual basis of accounting for expenditure.

31. This matter was subject to comments by the Board as reflected in its report for the biennium 1994-1995. The Board stated that the recording of cash assistance to implementing partners as programme expenditure at the time funds were advanced to Governments was contrary to the (then) definition of programme expenditure in the UNICEF Financial Regulations. The Board recommended that UNICEF review its accounting policy with regard to cash assistance made in advance to implementing partners.

32. In September 1999, the UNICEF Executive Board decided to maintain its existing accounting policy and modified the UNICEF Financial Regulations accordingly. For the biennium 2000-2001, the Board reiterated its concern about the Fund’s accounting policy on this matter and recommended that UNICEF change its Financial Regulations to ensure that cash advances would not be reflected as programme expenditure until the relevant financial utilization reports had been received.

33. UNICEF explained that, as the ownership of the cash had already been completely transferred to the recipients at the time the disbursement was made, the cash was treated as expenditure instead of as an advance and that that practice was compliant with the UNICEF Financial Regulations and Rules. UNICEF further indicated that under its current business model, its contribution to a country programme might take many forms, including cash assistance. The Government owns the country programme and controls the programme inputs transferred to it, including cash assistance.

34. Under current UNICEF practice, when cash is transferred to implementing partners and recorded as expenditure, a monitoring record is maintained in the UNICEF Programme Manager System, which is closed (liquidated) only upon the receipt of the report on the utilization of cash received. In addition, cash transfers

normally cover the needs for a period of no longer than three months of estimated expenditure. The recipients of cash transfers are responsible for submitting financial utilization reports to UNICEF, and future payments are contingent upon their submission. When the actual expenditure is lower than the disbursed amount, the remainder is either transferred to other activities or returned to UNICEF. The actual amount of expenditure is determined only upon the submission of the financial utilization reports by the implementing partners. In the biennium 2008-2009, a total of $82.48 million in unspent programme funds was transferred to other activities or returned to UNICEF.

35. A request for a refund of unused money implies that the significant rewards and risks of ownership of the funds have not been transferred to the implementing partners at the time when the payments are made. Therefore, the charging of advances made to implementing partners as final expenditure is contrary to the accrual basis of accounting.

36. **The Board recommends that UNICEF consider amending its Financial Regulations to ensure that under the accounting treatment in relation to cash transfers, such transfers provided in advance to the implementing partners are recorded as advances and are recognized as programme expenditure only until the appropriate financial utilization reports have been received.**

Handling fee income from procurement services

37. The Supply Division renders procurement services to assist Governments and development agencies in providing essential supplies for children. According to an executive directive (CF/Exd/2007-004), UNICEF should charge a handling fee at the minimum amount to cover necessary costs in the provision of procurement services.

38. The Supply Division indicated that the average handling fee rates in 2008 and 2009 charged on all procurement service orders were 3.95 per cent and 3.94 per cent of the turnover, respectively. According to note 9 to the financial statements, during the financial period under review, UNICEF received a total amount of $38.68 million in handling fees, while the related expenses of providing procurement services totalled $25.87 million, giving an excess of $12.81 million, reflected as miscellaneous income in the financial statements. This practice is not in keeping with the requirement of charging handling fees at the minimum level to cover UNICEF costs.

39. UNICEF explained that indirect costs were also incurred at New York headquarters and related field offices for procurement services which were not directly charged to handling fees. Since UNICEF could not identify the indirect costs relating to the provision of procurement services separately, the appropriateness of the current handling fee rate could not be validated.

40. **The Board recommends that UNICEF review its costing methodology on the provision of procurement services so that indirect costs can be appropriately allocated and charged to the handling fee income.**

Inconsistencies between the table of authority, the document authorization table and the bank signatory panel

41. At UNICEF, the authorizing, certifying, approving and paying authorities are set out in the table of authority, which is the basis of the document authorization

table in the Programme Manager System. Any amendments to the document authorization table are based on changes made in the table of authority. Signatories for bank accounts are ordinarily designated as the paying officers.

42. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, paras. 62 to 68), the Board noted that there were inconsistencies between the table of authority and the document authorization table, and it had recommended that UNICEF ensure that the assignment of financial authorities in the Programme Manager System was consistent with that defined in the table of authority. The Board reviewed the efforts undertaken by UNICEF to implement that recommendation and noted that inconsistencies between the table of authority and the document authorization table still existed in some field offices, as set out below:

(a) At the Madagascar country office, there were 17 inconsistencies between assigned authorities in the document authorization table and the table of authority. In addition, the office had no process for the periodic review of the document authorization table. The nature of the discrepancies between the table of authority and the document authorization table could therefore not be identified;

(b) At the Nepal country office, 12 staff members had different levels of authority relating to budget verification and allocation in the table of authority and the document authorization table. In addition, nine staff members were authorized to allocate annual workplan funds in the table of authority but were not identified in the document authorization table. Furthermore, the levels of authority of another four staff members listed in the document authorization table were not defined in the table of authority;

(c) At the Yemen country office and the Western and Central Africa Regional Office, the tables of authority in use had not been updated since May 2007 and April 2008, respectively. Four staff members had separated from the regional office, although they were still listed as paying officers in the table of authority. The failure to update the table of authority in a timely manner had also resulted in some discrepancies between the document authorization table and the table of authority. For example, at the Yemen country office, the authorization limit on cash requisition for both the representative and the operations officer was $5 million in the document authorization table, while their authorization limits in the table of authority were $1 million and $50,000, respectively.

43. In addition, three staff members at the Nepal country office and two staff members at the Western and Central Africa Regional Office, who were designated as bank signatories, were not authorized as paying officers in the table of authority as required by financial circular 9 (Rev. 3) and Add.1.

44. The discrepancies between the table of authority and the document authorization table, and between the table of authority and the signatory panel could expose the offices to unauthorized transactions.

45. **The Board reiterates its previous recommendation that UNICEF ensure that all field offices monitor and update the document authorization table, the table of authority and the signatory panel in a timely manner to ensure their consistency.**

46. UNICEF commented that it recognized the importance of maintaining accurate tables of authority, document authorization tables and signatory panels, and that it

had rectified the discrepancies at the offices in question. UNICEF would continue to remind offices of their responsibilities.

Approving control over freight invoices

47. Certification and approval of freight invoices in the Supply Division were delegated to its Logistics Centre through the table of authority. According to the Logistics Centre's standard operation procedure relating to freight invoice certification, the Logistics Assistant stamps and initials the invoice. For freight invoices of $50,000 and over, the Shipping Officer must also sign and stamp the invoice; thus, for freight invoices of less than $50,000, no approval is required before payments are made.

48. The total value of freight invoices of less than $50,000 amounted to $54.34 million and $49.71 million in 2008 and 2009, respectively. The Board reviewed a sample of 24 freight invoices for less than $50,000 and confirmed that, although they had been certified, they had not been signed by the approving officer.

49. UNICEF explained that certification and approval functions were combined for freight invoices of less than $50,000. The combining of certification and approval functions is not in compliance with the provisions of UNICEF financial circular 34 relating to segregation of duties. In addition, the absence of approving control on freight invoices of less than $50,000 could weaken financial control over expenditure.

50. **The Board recommends that UNICEF (a) strictly comply with the provisions of UNICEF financial circular 34 relating to segregation of duties between the certification and approval functions; and (b) establish approving control over freight invoices of less than $50,000.**

5. Statement of assets, liabilities and reserves and fund balances

Accounts receivable from and payable to other United Nations agencies

51. As at 31 December 2009, UNICEF accounts receivable from and payable to other United Nations agencies amounted to $3.98 million and $11.28 million, respectively. There were, however, significant differences between the balances recorded in UNICEF accounts and those confirmed by the agencies (see tables II.3 and II.4).

Table II.3
Accounts receivable: differences between UNICEF and other United Nations agencies as at 31 December 2009
(United States dollars)

Agencies	*Recorded by UNICEF* *(a)*	*Confirmed by agencies* *(b)*	*Difference* *(c)=(a)-(b)*
United Nations Headquarters	1 555 045.20	0	1 555 045.20
Office for the Coordination of Humanitarian Affairs	624 706.52	0	624 706.52
United Nations Development Programme	707 398.11	0	707 398.11
United Nations Human Settlements Programme	314 060.91	0	314 060.91
Total	**3 201 210.74**	**0**	**3 201 210.74**

Table II.4

Accounts payable: differences between UNICEF and other United Nations agencies as at 31 December 2009

(United States dollars)

Agencies	Recorded by UNICEF (a)	Confirmed by agencies (b)	Difference (c)=(a)-(b)
United Nations Headquarters	5 835 643.57	2 017 411.45	3 818 232.12
United Nations Development Programme	0	4 731 448.18	-4 731 448.18
World Health Organization	1 673 660.43	2 105 681.00	-432 020.57
United Nations Population Fund	1 681 655.41	0	1 681 655.41
Total	**9 190 959.41**	**8 854 540.63**	**336 418.78**

52. The Board verified the balance of the accounts payable to the United Nations Population Fund (UNFPA) by reviewing the supporting documents relating to the payment of $1,681,655.41 made by UNICEF in January 2010. The Board was unable to verify the other differences between UNICEF and other United Nations agencies as shown in tables II.3 and II.4. UNICEF explained that the other differences were due mainly to variations in timing and the delayed preparation and transmission of information relating to inter-agency transactions at year-end. UNICEF further indicated that reconciliation and recovery activities were initiated early in 2009 with four of the six agencies identified and that it would continue to coordinate with those agencies to settle the outstanding account balances.

53. The failure to reconcile accounts receivable and payable balances with other United Nations agencies could result in disputes and hence affect the accuracy of the balances reflected in the accounts of UNICEF.

54. **UNICEF agreed with the Board's recommendation that it intensify its efforts to reconcile its accounts receivable and payable balances with other United Nations agencies.**

Disclosure of accounting policy for landholdings

55. Paragraph 49 (v) of the United Nations system accounting standards states that the value of land and buildings should be disclosed and the method of valuation (cost, valuation, or nominal) should be clearly stated.

56. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, paras. 92 to 95), the Board noted that parcels of land were not recorded in UNICEF accounts and were not disclosed in the financial statements. Accordingly, the Board had recommended that UNICEF carry out a comprehensive inventory of all of its landholdings and reconcile the results with the related asset records.

57. The Board reviewed the efforts undertaken by UNICEF to implement that recommendation and noted that UNICEF had conducted a global inventory of all office buildings, staff housing and land owned, donated to or leased by UNICEF and had reconciled the results with the relevant asset records. UNICEF indicated that as at 31 December 2009, it had received three parcels of land (in Burundi, Zimbabwe, and Haiti) free of charge and that the costs of those lands were reported as zero under the item "buildings" in the financial statements. However, there was no

disclosure in the notes to the financial statements of this value or of the basis of the valuation as required by the United Nations system accounting standards.

58. **UNICEF agreed with the Board's recommendation that it disclose the value of all land under its control as well as the basis of the valuation in the notes to the financial statements.**

6. End-of-service liabilities, including after-service health insurance

Disclosure of end-of-service liabilities, including after-service health insurance

59. The General Assembly, in its resolution 60/255, requested the Secretary-General to take the steps necessary to disclose end-of-service liabilities in the United Nations financial statements. The General Assembly, in its resolution 61/264, noted that the International Public Sector Accounting Standards required that the accrued after-service health insurance liabilities and future accrued expenses be recognized on the face of the financial statements and that this requirement was irrespective of funding such liabilities.

60. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 109), the Board noted that UNICEF had not provided for its end-of-service liabilities (including after-service health insurance) but disclosed those liabilities in a note to the financial statements. Accordingly, the Board recommended that UNICEF consider disclosing its end-of-service liabilities on the face of the financial statements. The Board noted that for the financial period under review, UNICEF continued to disclose its end-of-service liabilities in the notes to the financial statements.

61. As indicated in note 2 to the financial statements, it is the UNICEF accounting policy to disclose the end-of-service liabilities (including after-service health insurance) in the notes to the financial statements. The Board, however, continues to hold the view that the disclosure of end-of-service liabilities (including after-service health insurance) on the face of the financial statements would improve the transparency of its financial reporting, especially in the preparation for the implementation of IPSAS.

62. **The Board recommends that UNICEF revise its accounting policy and disclose its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS.**

63. UNICEF commented that it planned to disclose its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS, which would take effect on 1 January 2012.

Census data

64. In accordance with resolution 64/241, the Board continued its validation on the after-service health insurance liabilities of UNICEF. As at 31 December 2009, the overall end-of-service liabilities (including after-service health insurance) of UNICEF amounted to $578.28 million. Of this amount, $463.99 million represented after-service health insurance, $37.62 million related to unused annual leave credits and $76.67 million represented repatriation benefits. Those liabilities were determined on the basis of an actuarial valuation undertaken by an external actuarial firm, using the census data provided by UNICEF as well as relevant United Nations system-wide actuarial assumptions.

65. The census data used in the computation of UNICEF end-of-service liabilities (including after-service health insurance) as at 31 December 2009 was partly outdated. UNICEF explained that the year-end closure timetable required the field offices to submit their year-end schedules on annual leave balances by 25 January 2010. However, the deadline for the submission of census data to the actuary was 10 January 2010. In March 2010, upon receipt of the year-end schedules, UNICEF updated its census data. The Board analysed the census data provided to the actuary as well as the updated data, and noted several differences (see table II.5).

Table II.5
Differences between updated census data and census data provided to the actuary

	Census data provided to the actuary	*Updated census data*	*Difference*
Population of active staff members	11 022	10 919	103 (1 per cent)
Unused annual leave days	332 559	359 715	27 156 (8 per cent)

Note: Based on the census data provided by UNICEF.

66. UNICEF explained that the difference in the number of active staff members was due to the delay in the receipt of notification to remove inactive staff members from the database maintained at headquarters, while the difference in unused annual leave days resulted from the use of 2008 data rather than 2009 data.

67. In March 2010, UNICEF requested the actuary to evaluate the impact of the data change on the estimated end-of-service liabilities (including after-service health insurance). The actuary indicated that recalculating those obligations would result in: (a) an increase in the after-service health insurance obligation of 2 to 3 per cent ($9.28 million to $13.92 million); (b) an increase in the repatriation obligation of 1 to 2 per cent ($0.77 million to $1.53 million); and (c) an increase in the annual leave obligation well below 4.62 per cent ($1.74 million).

68. UNICEF explained that, in consultation with the actuary, it had determined that it was impractical to request the actuary to conduct a revaluation, given the timeline for the submission of the financial statements. As a result, UNICEF made further disclosures in the notes to the financial statements regarding the reason for and impact of the census data error.

69. During field visits, the Board also noted that at the Eastern and Southern Africa Regional Office, as well as at the country offices in the Lao Democratic People's Republic and Kenya, some staff members' unused annual leave balances as submitted to UNICEF headquarters were different from those contained in the attendance records maintained by the offices.

70. The inconsistency between staff members' attendance records and unused annual leave balances submitted to UNICEF headquarters, as well as the provision of outdated census data to the actuary, could result in inaccuracy in the end-of-service liabilities (including after-service health insurance) reflected in the notes to the financial statements.

71. **UNICEF agreed with the Board's recommendation that it take appropriate measures to ensure the accuracy of the data used in the computation of end-of-**

service liabilities (including after-service health insurance) in future financial periods.

Funding of end-of-service liabilities, including after-service health insurance

72. Upon the approval of its Executive Board, UNICEF established reserves for after-service health insurance and separation costs in 2003 and 2006, respectively, with an initial allocation of $30 million and $10 million from regular resources. The Executive Board approved annual transfers of $30 million to the after-service health insurance reserve for the period 2006-2009. The reserve for separation costs is built up on an annual basis by the net of total contributions less payments made.

73. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 112), the Board noted that the UNICEF reserve for end-of-service liabilities (including after-service health insurance) was not adequate, and it had recommended that UNICEF establish mechanisms to fully fund those liabilities. The Board reviewed the efforts undertaken by UNICEF to implement that recommendation and noted that as at 31 December 2009, the UNICEF reserve for end-of-service liabilities (including after-service health insurance) amounted to $237.97 million, compared with $168.28 million as at 31 December 2007, an increase of 41 per cent.

74. However, as at 31 December 2009, the unfunded amount of end-of-service liabilities (including after-service health insurance) amounted to $340.31 million (see table II.6), representing 41 per cent of the UNICEF unearmarked fund balance of $825.98 million.

Table II.6
UNICEF end-of-service liabilities (including after-service health insurance) and corresponding reserves as at 31 December 2009
(Millions of United States dollars)

Category	*Liabilities*	*Reserves*	*Unfunded amount*
After-service health insurance	463.99	210	253.99
Other end-of-service liabilities	114.29	27.97	86.32
Total	**578.28**	**237.97**	**340.31**

Note: Based on the audited financial statements.

75. **The Board recommends that UNICEF set aside adequate reserves to fund the end-of-service liabilities.**

76. UNICEF commented that it had taken the approach of prudently building up its reserves over time, taking into consideration the allocation of resources to programme activities. UNICEF further indicated that it would continue to monitor the unfunded portion of after-service health insurance and separation costs in order to maintain a balance in the longer term between building the reserve and delivering on its programme mandate.

Valuation methodology for annual leave

77. As disclosed in note 21 to the financial statements, the UNICEF estimated liability in relation to annual leave amounted to $37.62 million as at 31 December

2009. Whereas the annual leave liability had previously been estimated using the current-cost methodology, UNICEF changed its accounting policy and calculated the annual leave liability based on an actuarial valuation performed by an external consultant. The external consultant indicated in his report that he had been requested by UNICEF to provide an actuarial valuation of after-service health insurance, repatriation and annual leave benefits for the purpose of reporting under International Public Sector Accounting Standard 25.

78. UNICEF justified the change in the valuation method of annual leave by reference to IPSAS 25, although no mention of IPSAS was made in the financial statements. This change was considered by UNICEF as an enhancement of the financial information which, while compliant with the United Nations system accounting standards, was also a step towards the full implementation of IPSAS.

79. The Board took this into consideration and checked whether the new valuation method would be compliant with IPSAS once it is fully applicable to UNICEF.

80. An important distinction made by IPSAS 25 is that between short-term and long-term benefits. UNICEF applied the actuarial valuation method to the leave liability based on the assumption that annual leave is a long-term benefit.

81. IPSAS 25 defines short-term employee benefits as benefits (other than termination benefits) which fall due wholly within 12 months after the end of the period in which the employees render the related service. Furthermore, IPSAS 25, paragraph 11, provides examples of items that are classified as short-term benefits, including short-term compensated absences (such as annual leave and paid sick leave) where the absences are expected to occur within 12 months after the period in which the employees render the related service. The fact that, as provided for by the staff rules of UNICEF, employees may accumulate unused leave days from one period to the next does not in itself make annual leave a long-term benefit; nor does the fact that employees are entitled to a cash payment for unused leave days upon ceasing service. IPSAS 25 (paras. 14 to 19) provides for those cases, which are classified under short-term benefits.

82. In addition, IPSAS 25, paragraph 12, states that accounting for short-term employee benefits is generally straightforward because no actuarial assumptions are required to measure the obligation or the cost and there is no possibility of any actuarial gain or loss and that, moreover, short-term employee benefit obligations are measured on an undiscounted basis.

83. The Board therefore is of the view that the annual leave liability of $37.62 million calculated through the actuarial valuation is not compliant with IPSAS 25 as it (a) includes future days to be accumulated; and (b) is a discounted amount.

84. **The Board recommends that UNICEF consider a revision of its policy for the valuation of leave liability in preparation for the implementation of the International Public Sector Accounting Standards.**

Discount rate

85. In its previous valuation of the after-service health insurance liability, UNICEF had used a discount rate of 5.5 per cent. The valuation of the after-service

health insurance liability as at 31 December 2009 relies on a discount rate of 6.0 per cent.

86. A discount rate is an interest rate used as a common financial practice by which to estimate the present value of an amount to be earned or lost at a future date. In other words, it represents the time value of money. As the after-service health insurance liability is composed of benefits that will be paid out by UNICEF to its retired staff in the future, IPSAS, like most other accounting frameworks, requires that these amounts be "discounted" so that the reporting entity takes the present value of the future benefits as an estimate for its liability.

87. In practical terms, the higher the discount rate, the lower the present value of future amounts (conversely, the lower the rates, the higher the present value). Hence, all things being equal, the increase in the discount rate used by UNICEF resulted in a lower after-service health insurance liability compared with the previous financial period. In this regard, note 21 to the financial statements indicates that a 1.0 per cent increase in the discount rate would result in a 17 per cent decrease of the after-service health insurance liability, which represents $78.88 million.

88. IPSAS 25, which serves as a reference for the actuarial methodology used for the valuation of the after-service health insurance liability in accordance with resolution 61/264, does not prescribe any particular discount rate. It states, however, that "the rate used to discount post-employment benefit obligations (both funded and unfunded) shall reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money shall be consistent with the currency and estimated term of the post-employment benefit obligations" (para. 91). It further specifies that "an entity makes a judgement whether the discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds, high-quality corporate bonds or by another financial instrument" (para. 94).

89. Like most of the methodological elements used for the actuarial valuation of the after-service health insurance liability, the discount rate was selected by the United Nations on behalf of all the entities participating in the same health insurance plans, for which the United Nations coordinated the valuation exercise.

90. According to the United Nations, the objective of selecting a discount rate when valuing end-of-service liability benefits is to measure the single amount that, if invested in a portfolio of high-quality debt instruments, would provide the future cash flow necessary to pay the accrued benefits when due. The United Nations has historically established the discount rate assumption by referring to rates of return on available high-quality, fixed-income investments with cash flow that match the timing and amount of expected benefit payments. The rates of return used as a reference by the United Nations have been those of high-quality, long-term corporate bonds.

91. While the Board acknowledges that this methodology is compliant with IPSAS 25, it makes the following comments for consideration in the discussion on the funding of these liabilities:

(a) The increase in the discount rate does not reflect the trend in interest rates, which have generally tended to decrease during the recent period. The increase is due to the decision of the United Nations not to increase the discount rate for the previous valuation, although the application of the methodology described above would have resulted in an increase from 5.5 per cent to 6.5 per cent at that time. Given the uncertainties regarding the prescriptions of IPSAS (IPSAS 25 had not yet been adopted), the United Nations conservatively decided to maintain the 5.5 per cent rate. Had it chosen to raise the rate to 6.5 per cent, the rate would have decreased — rather than increased — for the last valuation, which would have been consistent with the economic environment;

(b) The discount rate is only one example reflecting the high level of uncertainty inherent in the actuarial valuation of a liability. While compliant with the Accounting Standards, the present valuation is only an estimate of the actual value of the liability. Consequently, the Executive Board of UNICEF may wish not to regard it as an absolute reference. Valuations based on standards other than the Accounting Standards may yield different results. In that regard, the Board wishes to emphasize that a financial valuation of funding needs (or a “funding valuation”) would result in a value different from that determined through an accounting valuation, which is generally more conservative.

7. Results-based management/budgeting

Support budget

92. UNICEF presented the biennium support budget for 2008-2009 using the results-based-budgeting format, which included results, indicators, baselines and targets.

93. The Board reviewed a sample of seven 2008-2009 support budgets submitted by five headquarters divisions and two regional offices and noted the following deficiencies: (a) some of the results were not specific, measurable, attainable, relevant and time-bound and some of the indicators were not measurable; and (b) there were no budget estimates for each result nor were activities defined for each result. In addition, there was no monitoring system in place to facilitate the tracking of results-based-budgeting implementation, including progress towards the achievement of results.

94. UNICEF explained that 2008-2009 had been the biennium in which results-based-budgeting had been introduced for the preparation and presentation of the biennial support budget and it was in its early stages of implementation. Staff members were unfamiliar with results-based methodology. Although results and indicators had been formulated, the corresponding budget estimates had not been clearly identified against each result.

95. Without defining the cost estimates for each result, UNICEF could not determine a clear connection between results and resources needed to carry out each function, while the lack of a monitoring system could make it difficult to evaluate the management performance of each division.

96. **The Board recommends that UNICEF: (a) develop training courses for staff members in respect of results-based budgeting methodology; (b) include in future budget submissions resource estimates, as well as activities, for each expected result; and (c) establish a monitoring mechanism to facilitate the tracking of budget implementation as well as progress towards the achievement of results.**

97. UNICEF commented that it would conduct results-based-budgeting training as part of the roll-out of its “One ERP” system, which would facilitate both the presentation of cost against resources and the monitoring of budget implementation.

98. UNICEF further commented that it was undertaking a review, jointly with the United Nations Development Programme (UNDP) and UNFPA, to strengthen results-based-budgeting, with a specific focus on providing details concerning activities and related costs and their inclusion in budget submissions. The findings of the review would be implemented in conjunction with the Executive Board-endorsed road map towards an integrated budget presentation for the period starting in 2014.

Extension of programme budget allotments

99. A Public Sector Alliances and Resource Mobilization Office advisory note states that UNICEF should take all preventive measures to avoid the extension of grants. However, 369 grants (30 per cent) relating to other resources programme budget allotments, with a total value of $0.68 billion, were extended after their expiration date of 31 December 2009. The other resources programme budget allotment extension rates for the regions of Central and Eastern Europe and the Commonwealth of Independent States and of East Asia and the Pacific were 35 per cent and 32 per cent, respectively.

100. The Board reviewed a sample of 25 other resources programme budget allotment extensions and noted that 20 extensions, or 80 per cent, had been caused by delays in programme implementation and that 23 had not been submitted to the Public Sector Alliances and Resource Mobilization Office by field offices at least three months prior to the programme budget allotment expiration dates, as required by the advisory note. The delays ranged from half a month to 10 months. Furthermore, UNICEF had no established mechanism to monitor the timeliness of the submission of extension requests by field offices.

101. Extensions of programme budget allotments could affect the capacity of UNICEF to raise funds in future, while delays in submitting requests for the extensions could result in insufficient time for UNICEF to negotiate with donors regarding unspent funds.

102. **UNICEF agreed with the Board’s recommendation that it (a) provide necessary support to the offices with higher extension rates to improve programme implementation; and (b) put in place measures to monitor the timeliness of the submission of requests for programme budget allotment extensions by field offices.**

Refunds to donors

103. UNICEF makes refunds to donors in the following cases: (a) when project implementation is completed at a lower cost than planned; (b) when implementation is not completed but the donor cannot extend the programme budget allotment expiration date; and (c) when programme implementation is cancelled.

104. An amount of $13.2 million relating to 467 expired programme budget allotments was refunded to donors in 2009. A total of 106 programme budget allotments (23 per cent), with a value of $4.9 million, had expired before 2006, accounting for 37 per cent of the total value refunded in 2009. In addition, 757 other

resources programme budget allotments, totalling $5.2 million, had expired on 31 December 2008, of which amount $3.1 million had not been closed as at the time of audit. This meant that the expired funds had not yet been reprogrammed, transferred to regular resources or refunded to donors. Furthermore, there was no policy to regulate the refund process or accountability for refunds.

105. The absence of a policy to regulate the refund process, as well as the late closure of expired programme budget allotments, could cause delays in the return of funds to donors.

106. **UNICEF agreed with the Board's recommendation that it establish a policy to regulate the refund process.**

8. Cash transfers

107. According to its financial circular 15 (Rev.2), UNICEF provides Governments with direct financial support, which is termed cash assistance to Governments.

108. In September 2005, the United Nations Development Group (which includes UNDP, UNICEF, UNFPA and the World Food Programme (WFP)) issued the Framework for Cash Transfers to Implementing Partners, a common operational framework for such transfers. Under the Framework, all United Nations Development Group agencies would use the harmonized approach to cash transfers to implementing partners to make cash transfers.

109. In September 2005, UNICEF issued financial circular 15 (Rev.3) to give effect to specific UNICEF policies and procedures relating to cash transfers to implementing partners following the implementation of the harmonized approach. According to financial circular 15 (Rev.3), a funding authorization and certificate of expenditure form will be used for reporting on cash transfers to implementing partners. This approach is unlike the reporting procedures relating to cash assistance to Governments, in that implementing partners do not need to submit supporting documents to UNICEF in order to substantiate receipt of cash transfers.

110. According to United Nations Development Group statistics, as at 30 April 2009, of the 123 countries where Development Group members operate, 9 had not implemented the harmonized approach to cash transfers owing to the absence of cash transfers; 17 countries had fully implemented the approach; and the remaining 97 countries were in various stages of implementation. Therefore, both financial circular 15 (Rev.2) and financial circular 15 (Rev.3) were applicable during the financial period under review.

Monitoring/assurance activities for cash transfers

111. Financial circular 15 (Rev.2) requires field offices to conduct field monitoring and spot checks so as to provide assurances in connection with the disbursed cash assistance to Governments. The Framework sets out the requirements relating to the assurance activities for cash transfers to implementing partners, including periodic on-site reviews (spot checks and special audits), programmatic monitoring (site visits and field monitoring) and scheduled audits. The Framework also requires the preparation and implementation of assurance activities and an annual audit plan.

112. The Board reviewed the monitoring/assurance activities performed by country offices and noted the following deficiencies:

(a) At the Madagascar country office, spot checks were not planned or carried out in 2008;

(b) At the Tajikistan country office, the spot check sheet did not include recommendations to partners or comments from partners;

(c) At the Cambodia country office, some spot checks were not completed owing to the lack of staff resources;

(d) At the China country office, there was no office-wide coordination mechanism for assurance activities. In addition, the standard spot check manual and the checklist were not followed and no monitoring system was established to follow up on the recommendations made during spot checks.

113. In addition, the Board issued questionnaires regarding monitoring/assurance activities on cash assistance to Governments/cash transfers to implementing partners to 17 country offices, covering 51 per cent of total UNICEF cash assistance to Governments/cash transfers to implementing partners in the biennium 2008-2009. In all, 15 responses were received, including from the Iraq country office, where no on-site monitoring or assurance activities could be performed owing to the security situation. Of the remaining 14 country offices, 7 had not prepared office-wide plans for assurance activities in 2008, while 6 had not done so in 2009. In addition, 12 country offices had not prepared annual audit plans for 2008 and 2009 as required by the Framework.

114. The absence of office-wide plans for assurance activities and annual audit plans, as well as inadequate monitoring/assurance activities, could result in the failure of UNICEF to obtain sufficient assurance regarding the proper utilization of cash assistance to Governments/cash transfers to implementing partners.

115. **UNICEF agreed with the Board's recommendation that it ensure that all country offices plan and implement monitoring/assurance activities in accordance with financial circular 15 and the Framework for Cash Transfers to Implementing Partners.**

116. UNICEF commented that it would continue to remind all of its country offices of the requirements of financial circular 15 and the Framework for Cash Transfers to Implementing Partners.

Long-outstanding cash transfers

117. In a report to the Executive Board dated 30 May 2002, UNICEF stated that disbursements for cash assistance to Governments should cover the estimated expenditures for a period of no longer than three months and that the recipient of cash assistance was responsible for submitting a financial and activity monitoring report to UNICEF within a period of six months, and nine months in exceptional cases, following the actual provision of funds (E/ICEF/2002/AB/L.5, para. 40).

118. In its previous report (A/63/5/Add.2 and Corr.1, chap II, paras. 58 to 60), the Board noted that in eight field offices, some cash transfers had been outstanding for more than nine months, and it had recommended that UNICEF clear all long-outstanding cash transfers. The Board reviewed the efforts undertaken by UNICEF to implement that recommendation and noted that New York headquarters had strengthened its global monitoring on cash transfers and had issued quarterly letters

to regional offices on the status of cash transfers, highlighting those outstanding for more than nine months.

119. As at 31 December 2009, a total amount of $507.86 million in cash transfers remained outstanding. Of that amount, $30.12 million (6 per cent) had been outstanding for between six and nine months, while $4.51 million (1 per cent) released by 56 country offices had been outstanding for more than nine months.

120. During the field audits, the Board reviewed the cash transfer monitoring reports of five country offices (in Madagascar, Nepal, the Niger, Senegal and the United Republic of Tanzania), and noted that a total amount of $345,455 in cash transfers to implementing partners remained outstanding for more than nine months from the date of release.

121. UNICEF explained that long-outstanding cash transfers were due to various situations faced by implementing partners, such as staff turnover, delayed project implementation, the slow utilization of funds and incomplete documentation.

122. Long-outstanding cash transfers could affect the ability of UNICEF to obtain adequate assurance about the proper utilization of the programme funds.

123. **UNICEF agreed with the Board's reiterated recommendation that it intensify its efforts to settle long-outstanding cash transfers.**

Acknowledgement receipts

124. UNICEF financial circular 15 (Rev.2) and financial circular 15 (Rev.3) both provide that for all cash transfers, acknowledgement receipts are to be obtained from the head of the Government department concerned or from the official formally authorized to register funds. The receipts should be attached to the relevant payment vouchers and kept in UNICEF files.

125. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 50), the Board noted that in six country offices, payment vouchers had not been supported by acknowledgement receipts from implementing partners, and it had recommended that UNICEF ensure that its country offices comply with financial circular 15 in relation to that matter. However, some acknowledgement receipts for cash transfers had not been obtained from implementing partners at the Eastern and Southern Africa Regional Office or at the country offices in Madagascar, Cambodia, Tajikistan, the Lao People's Democratic Republic or Yemen.

126. In addition, at the country offices in the Lao People's Democratic Republic, Madagascar, Tajikistan, Nepal and the Niger, some acknowledgement receipts had not been attached to the payment vouchers. The finance units of the Lao People's Democratic Republic and Madagascar country offices kept the receipts separately from the payment vouchers. At the Tajikistan and Nepal country offices, the receipts were kept in programme sections instead of in the finance unit, as required by financial circular 15. In addition, at the Nepal country office, partner signatures for six receipts were missing.

127. The absence of acknowledgement receipts to substantiate payments made could result in an inability on the part of UNICEF to determine whether cash transfers have actually been received.

128. **The Board reiterates its previous recommendation that UNICEF ensure that its field offices comply with financial circular 15 on the issuance of official receipts by the recipients of cash transfers.**

129. UNICEF commented that it would continue to remind all its offices of the requirements of financial circular 15 in relation to obtaining official receipts for cash transfers.

9. Programme and project management

Submission and rating of completed evaluation reports

130. According to the UNICEF evaluation policy (E/ICEF/2008/4), UNICEF offices/divisions are required to upload completed evaluation reports to the UNICEF online evaluation database within three months of the completion of reports. The Evaluation Office is to manage the evaluation quality-rating process and rate all evaluation reports within six months of submission.

131. Of 260 completed evaluation reports for 2009, 97 (37 per cent) had been uploaded to the UNICEF online evaluation database as at 31 March 2010. The submission rates of completed evaluation reports for 2006, 2007 and 2008 were 25 per cent, 20 per cent and 15 per cent, respectively. While this indicates that some progress was made in connection with the submission of completed evaluation reports in 2009, the submission rate is still in need of improvement. The delay in conducting programme evaluations was also addressed by the Office of Internal Audit during its audits of country offices as discussed in detail further in the report.

132. UNICEF explained that in recent years, a series of methods had been adopted to enhance the submission rate of the evaluation reports, such as mentioning the need to submit the evaluation reports during monitoring and evaluation meetings and including the submission requirements in the annual written reminders relating to the country office annual report guidelines. Although the policy was clear and measures were taken to emphasize the requirements of the submission, the situation still needed further improvement.

133. A total of 105 completed evaluation reports for 2008 had been submitted, of which 45 (43 per cent) had not been rated by the Evaluation Office within the six-month time frame as required by the UNICEF evaluation policy. The delay in the submission and rating of the completed evaluation reports could prevent UNICEF from sharing lessons learned and enhancing evaluation capacity to support programme implementation.

134. **UNICEF agreed with the Board's recommendation that it ensure that all completed evaluation reports are submitted and rated in a timely manner in accordance with the provisions of the UNICEF evaluation policy (E/ICEF/2008/4).**

135. UNICEF commented that it was implementing a new strategy to increase the submission rate of evaluation reports, as well as their rating.

Regional office support to country offices

136. The UNICEF regional offices are responsible for providing guidance, support, oversight and coordination to the country offices within the region. During the field visits to the Western and Central Africa Regional Office, the Regional Office for

South Asia and the Regional Office for Central and Eastern Europe and the United States, the Board issued questionnaires to country offices with regard to the support provided by those regional offices. A total of 34 country offices indicated that they had not been requested by the regional offices to provide feedback on the quality of the support provided by the regional offices. In addition, 24 country offices indicated that they would like those regional offices to provide more technical guidance and support in such areas as the implementation of the harmonized approach to cash transfers, programme evaluation, knowledge management and human resources management. The issue of insufficient support for country offices was also addressed by the Office of Internal Audit during its audits of the regional offices.

137. The obtaining of timely feedback from country offices on the guidance and support provided would enable regional offices to improve the quality of their support activities.

138. **UNICEF agreed with the Board's recommendation that it ensure that all regional offices request country offices to regularly provide feedback on the support given by regional offices so as to strengthen their support activities.**

Annual management plan

139. Annual management plans prepared by country offices are important management tools for ensuring that the resources of the country offices remain focused on planned strategic results for children. At the Senegal, Cambodia and Yemen country offices, the annual management plans for 2008 and 2009 had not been finalized within the time frame established in the UNICEF Programme Policy and Procedures Manual, with delays ranging from one month to six months. At the Yemen country office, management indicators (targets) had not been included in the 2008 annual management plan as required by the Programme Policy and Procedures Manual. The delay in the preparation of plans and the issue of the incomplete plan were also addressed by the Office of Internal Audit during its audits of country offices.

140. In addition, at the country offices in Cambodia, Yemen, Senegal and the Niger, some activities set out in the 2008 annual management plans had not been fully implemented in 2008. For instance, the country management team of the Yemen country office had met seven times in 2008, although the 2008 annual management plan required it to meet on a monthly basis. At the Niger country office, the situation analysis on women and children had not been completed as planned in the 2008 annual management plan.

141. Delays in the preparation of annual management plans and their partial implementation could have a negative effect on the monitoring and fulfilment of the achievements of the country offices.

142. **The Board recommends that UNICEF ensure that all country offices strictly comply with the provisions of the UNICEF Programme Policy and Procedures Manual in relation to the preparation and implementation of annual management plans.**

Annual integrated monitoring and evaluation plan

143. According to the UNICEF Programme Policy and Procedures Manual, country offices are required to prepare an annual integrated monitoring and evaluation plan as a management tool to track progress in collecting critical information in relation to programme planning and implementation. At the country offices in Madagascar, Nepal, the Lao People's Democratic Republic, Senegal, Kenya and the Niger, out of a total of 155 studies, surveys and evaluations planned in the 2008 integrated monitoring and evaluation plan, 63 (41 per cent) had been fully conducted, 60 (39 per cent) were ongoing and 32 (20 per cent) had been cancelled or postponed.

144. UNICEF explained that the low completion rate of the integrated monitoring and evaluation plan activities was mainly the result of unrealistic planning, changing situations in various countries and the incapability of the counterparts. The delay in the completion of the integrated monitoring and evaluation plan activities could affect the information collection relating to programme planning and implementation.

145. **UNICEF agreed with the Board's recommendation that it ensure that all country offices: (a) prepare realistic integrated monitoring and evaluation plans; and (b) make every effort to improve the completion rate of the integrated monitoring and evaluation plans.**

Field trips

146. UNICEF field offices regularly make field trips to facilitate the progress of programme implementation. According to the UNICEF Programme Policy and Procedures Manual, field offices should follow up on the recommendations made during field trips. The Programme Policy and Procedures Manual also provides a standard checklist detailing various procedures to be conducted during field trips.

147. The Regional Office for South Asia, the Regional Office for Central and Eastern Europe and the United States, and the Middle East and North Africa Regional Office, as well as the Madagascar and Kenya country offices, had not established a mechanism to follow up on the recommendations made during field trips. For instance, at the Regional Office for Central and Eastern Europe and the United States, there was no database to monitor and share the status of implementation of main recommendations contained in field trip reports. In addition, at the Western and Central Africa Regional Office, 56 of the 185 field trip reports made in 2009 had not been provided to the planning section for follow-up purposes, as required by its internal management procedures. In addition, at the Madagascar and Kenya country offices, the standard field trip checklist was not followed during field trips.

148. Inadequate follow-up of the implementation of recommendations made in field trip reports could affect the ability of UNICEF to share lessons learned during field trips.

149. **UNICEF agreed with the Board's recommendations that it ensure that all field offices: (a) establish mechanisms to follow up on the recommendations made during field trips; and (b) comply with procedures included on the field trip checklist.**

Emergency preparedness and response plan

150. According to the UNICEF Programme Policy and Procedures Manual, all country offices should annually review and update their emergency preparedness and response plan to maintain a level of preparedness commensurate with local risks of emergencies so as to ensure an effective, dependable and timely response to the needs of children and women in the countries.

151. The Board reviewed the emergency preparedness and response plan status reports of 131 UNICEF offices as at 31 March 2010, including 127 country offices, 3 offices in the Pacific (Kiribati, Vanuatu and Solomon Islands) and the Southern Sudan area office, and noted that some offices had not updated their emergency preparedness and response plans annually in accordance with the Programme Policy and Procedures Manual (see table II.7).

Table II.7
Summary of the emergency preparedness and response plan status report of 131 UNICEF offices as at 31 March 2010

Year of most recent update	*Number of offices*
2005	2
2006	2
2007	5
2008	27
2009	82
2010	13
Total	**131**

Note: Based on the emergency preparedness and response plan status report provided by UNICEF.

152. Delay in updating the emergency preparedness and response plan on the part of country offices could affect the ability of UNICEF to respond to the needs of children and women.

153. **UNICEF agreed with the Board's recommendation that it ensure that all country offices update their emergency preparedness and response plans in a timely manner in accordance with the UNICEF Programme Policy and Procedures Manual.**

10. Procurement and contract management

Competitive bidding

154. The UNICEF Supply Manual provides that, with certain exceptions, all purchases are to be the result of competitive bidding, and written solicitations are required to be sent to a number of suppliers sufficient to obtain preferably at least three valid and acceptable replies. The waiving of competitive bidding should be recorded in writing and signed by the approved officer. The Supply Manual further requires that in all cases where the lowest acceptable bid is not selected, the reasons must be documented and signed for audit purposes.

155. Four country offices (in Cambodia, Madagascar, Tajikistan and Yemen) and the Private Fund-raising and Partnerships Division did not strictly comply with the provisions of the Supply Manual relating to competitive bidding, as set out below:

(a) At the Private Fund-raising and Partnerships Division, one bid was awarded to the second-lowest bidder in 2008;

(b) At the Cambodia country office, in 2 of the 10 local procurements sampled, the written solicitations were sent only to 2 suppliers, respectively;

(c) At the Madagascar country office, for all five emergency supplies contracts awarded in March 2008, solicitations were sent to suppliers that had not been pre-qualified by the office;

(d) At the Tajikistan country office, in three of seven cases sampled in which the purchase order amount was more than $10,000, the solicitation documents were not kept in files. In addition, in three cases the lowest-bid principle was not followed, with the highest bid having been selected in the first, the third-lowest having been selected in the second and the fifth-lowest bid having been selected in the third;

(e) At the Yemen country office, written solicitations for one procurement activity in 2008 were sent to six suppliers. However, only one response was received and the contract was awarded to the bidder.

156. The Private Fund-raising and Partnerships Division explained that the award of the contract to the second-lowest bidder was based on its experience with the lowest-price bidder in terms of delay in delivery. However, the Board was not provided with any evidence supporting that judgement. The Cambodia and Madagascar country offices commented that their departure from competitive bidding was due to the lack of qualified suppliers, while the Tajikistan country office indicated that the lowest bid had been rejected because of the poor quality of the bid samples provided.

157. The deficiencies in the bidding process were also addressed by the Office of Internal Audit during its audits of country offices. Non-compliance with the standard bidding process could affect the efficiency of the procurement of UNICEF.

158. **UNICEF agreed with the Board's recommendation that it strictly comply with the provisions in the Supply Manual in relation to competitive bidding and maintain written justifications in related files for exceptions.**

Late delivery

159. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, paras. 128 and 129), the Board noted that three country offices had not included in purchase orders a penalty clause for late delivery, and it had recommended that those offices comply with the provisions of the UNICEF Supply Manual in relation to liquidated damages.

160. At the Regional Office for South Asia, the Regional Office for East Asia and the Pacific and the Tajikistan and Cambodia country offices, some procured items were delivered after the due dates. For example, for 32 purchase orders issued by the Regional Office for South Asia, the related items were delivered later than the agreed delivery dates, with the delays ranging from 3 to 292 days. In addition, the

penalty clause for late delivery had still not been included in the standard purchase orders generated by the Programme Manager System. At the Cambodia country office, six purchase orders lacked penalty clauses for late delivery.

161. The Regional Office for South Asia explained that the late delivery was largely the result of insufficient planning, while the Cambodia country office indicated that the late deliveries were the result of the fact that authorized staff were not available to receive the supplies and other external factors.

162. The absence of penalty clauses in purchase orders could affect the timely delivery of procured supplies, which could have an adverse impact on the timely implementation of programme activities, as well as on costs.

163. **The Board reiterates its previous recommendation that UNICEF ensure that all offices include in purchase orders a penalty clause for late delivery in accordance with the provisions set out in the UNICEF Supply Manual.**

164. UNICEF commented that it would roll out the "One ERP" system to its country offices by the end of 2011. The new system would provide optional contractual remedy clauses that could be included in contracts as deemed appropriate by the contracting official.

Vaccine arrival reports

165. In 2008, 1,803 vaccine shipments were dispatched by the Supply Division to field offices. As at 31 December 2008, the Division had received 1,588 vaccine arrival reports, representing 88 per cent, of which only 234 (15 per cent) had been received within 72 hours, as required by the Supply Manual. The remaining vaccine arrival reports were delayed by 4 to 316 days.

166. The Supply Division explained that efforts had been made to increase the submission rate of vaccine arrival reports. For instance, a full-time assistant had been designated for that purpose. A positive trend was observed in 2009: 1,731 of the 1,906 vaccine arrival reports had been received as at 31 December 2009, representing 91 per cent of the total, of which 404 (23 per cent) had been received within 72 hours. The remaining 1,327 vaccine arrival reports were delayed by 4 to 360 days.

167. The non-receipt of vaccine arrival reports within the stipulated time frame could affect the ability of the Supply Division to properly monitor the timely delivery as well as the physical condition of vaccines and to pursue remedial action or recovery of any pertinent costs through insurance in the case of reported problems.

168. **UNICEF agreed with the Board's recommendation that it ensure that all country offices submit vaccine arrival reports to the Supply Division within the time frame specified in the Supply Manual.**

Supplier database

169. At the Innocenti Research Centre, there were no supplier profile forms for suppliers, and the performance evaluations of suppliers were not carried out. At the Madagascar country office, information about 506 suppliers was kept in an Excel spreadsheet, which was used as a supplier database, and only 12 suppliers had supplier profile forms. In addition, there were no financial statements, annual

reports, inspection reports, quality certificates, correspondence relating to quality problems or other documents relevant to the suppliers' performance in the supplier files as required by the Supply Manual.

170. At the Tajikistan country office, 92 suppliers were recorded in the Programme Manager System, and information about only 19 suppliers had been compiled. No records about the process or results of the performance evaluation were maintained.

171. The delay in updating the supplier databases was also addressed by the Office of Internal Audit during its audits of country offices. Non-compliance with the standard procedures for supplier evaluation and file management could result in unqualified suppliers being listed in the database and being awarded supply contracts.

172. **UNICEF agreed with the Board's recommendations that it ensure that all offices update the supplier database in a timely manner and maintain proper records of listed suppliers in accordance with the requirements of the Supply Manual.**

11. Non-expendable property management

173. Non-expendable property consists of property and equipment valued at $1,500 or more per unit at the time of purchase and with a serviceable life of five years or more. As disclosed in note 24 to the financial statements, the total value of the non-expendable property of UNICEF as at 31 December 2009 amounted to $155.84 million, a 9 per cent increase from the balance of $142.61 million in the previous biennium. The breakdown is shown in table II.8.

Table II.8
Breakdown of non-expendable property of UNICEF as at 31 December 2009
(Thousands of United States dollars)

Offices	*Value*	*Percentage to total*
Headquarters and 7 regional offices	22 728	15
127 country offices	133 107	85
Total	**155 835**	**100**

Note: Based on the data provided by the Division of Financial and Administrative Management.

Discrepancies

174. According to the 2009 year-end non-expendable property physical inventory report of New York headquarters, 1,005 non-expendable property items, valued at $3.24 million, could not be located. UNICEF explained that most of those items were laptop computers assigned to staff members who had failed to bring them into the office for physical verification, as had been requested. In addition, some divisions had not returned out-of-use items for disposal, and those items had therefore not been found during the annual physical verification. At the time of audit, UNICEF stated that it had identified 628 of the missing items, valued at $1.69 million, and would continue to reconcile the remaining discrepancies.

175. In nine field offices (Eastern and Southern Africa Regional Office, Middle East and North Africa Regional Office, and country offices in Nepal, Kenya,

Senegal, Yemen, Tajikistan, Madagascar and the United Republic of Tanzania), as well as at the Private Fund-raising and Partnerships Division and the Innocenti Research Centre, there were discrepancies between the results of the physical verifications and the information contained in the database records. Some examples are set out below:

(a) At the Private Fund-raising and Partnerships Division, in a sample of 77 items recorded in the database, 16 items (21 per cent) could not be located;

(b) At the Innocenti Research Centre, in a sample of 14 items, 4 had database records that did not correspond with their actual status;

(c) At the Eastern and Southern Africa Regional Office, of 20 items sampled, the actual locations of 14 were different from those recorded in the database;

(d) At the Senegal country office, no value was indicated in the database records of 1,072 items, including five pieces of transportation equipment;

(e) At the Kenya country office, of 67 sampled items acquired in 2008 and 2009, 29 items had not been recorded in the database in a timely manner. In addition, the value of two items was incorrectly recorded in the database. Furthermore, of 20 sampled items acquired before 2008, information about 11, such as serial numbers, location and usage conditions, was not consistent with that kept in the database.

176. Discrepancies between the physical status of non-expendable property items and their records in the database, as well as incomplete records of non-expendable property, could affect the management of such property and the accuracy of non-expendable property disclosure in the notes to the financial statements.

177. **The Board recommends that UNICEF take appropriate measures to improve its management of non-expendable property, including ensuring the completeness and accuracy of the non-expendable property records.**

178. UNICEF commented that as part of its "One ERP" implementation, it would review and strengthen its non-expendable property management procedures. The implementation of the asset accounting module of the system would automate the operations process, improving the completeness and accuracy of the records.

Disposal of non-expendable property

179. At the Regional Office for South Asia and Eastern and Southern Africa Regional Office, some non-expendable property items were not disposed of in a timely manner, as set out below:

(a) In December 2008, the Property Survey Board of the Regional Office for South Asia decided to dispose of 49 non-expendable property items, valued at $142,757, which were damaged or out of service. As at 20 May 2009, three of those items, valued at $27,496 (19 per cent of the total value of the items marked for disposal), had not yet been disposed of;

(b) At the Eastern and Southern Africa Regional Office, 12 non-expendable property items, with an original cost of $30,193, were recommended for disposal by the Property Survey Board at a meeting held on 3 July 2008. The items were not physically disposed of until January 2009. The Office explained that the items recommended for disposal in July 2008 had been auctioned together with other items, recommended for disposal by the Board in October 2008, because there were very few of them and the proceeds would not cover the auction costs.

180. The delay in implementing the recommendations of the Property Survey Board in relation to the disposal of non-expendable property was also addressed by the Office of Internal Audit during its audits of country offices. Such a delay could affect the residual value of the non-expendable property.

181. **UNICEF agreed with the Board's recommendation that it ensure that the Regional Office for South Asia and the Eastern and Southern Africa Regional Office take appropriate measures to expedite disposal of their non-expendable property.**

12. Inventory management

Handling stock materials nearing the end of shelf life

182. UNICEF Supply Division procedure 006 requires that in order to identify stock materials nearing the end of their shelf life, the warehouse manager is required to submit a report on expiring stock materials to the Property Survey Board on a monthly basis. The Property Survey Board meets quarterly to consider submissions and make recommendations on how to deal with the expiring materials. Within one working day of the meeting, Board recommendations, together with all attached documentation, are presented to the Director of the Supply Division for approval. The Director makes a decision within one working day.

183. The Board reviewed the minutes of Property Survey Board meetings and noted that only eight reports on expiring stock materials had been submitted to the Board for recommendation during the biennium 2008-2009. The average time between the date of the Property Survey Board meeting and the date of approval by the Director was 27 days; the longest period was 82 days.

184. Untimely submission to the Property Survey Board of reports on expiring stock materials and delay in approval of Board recommendations by the Director of the Supply Division could affect the handling in a timely manner of soon-to-expire stocks.

185. **UNICEF agreed with the Board's recommendation that it ensure that the Supply Division adheres strictly to Supply Division procedure 006 to deal with stock materials nearing the end of their shelf life.**

Undistributed supplies

186. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, paras. 133 to 140), the Board noted that at some country offices, some project supplies had remained undistributed for a long period, and it had recommended that country offices dispatch the supplies to the end-users in a timely manner. This issue had not been resolved at two country offices, as set out below:

(a) At the Niger country office, seven supply items with a total value of $154,174 expired and were destroyed in 2008 because of the failure to monitor their expiration dates. The Niger country office explained that it had since created and implemented monitoring tools to strengthen its warehouse stock management;

(b) At the Senegal country office, supplies with a value of $164,119 had been stored in the warehouse for more than six months and for up to five years as at 30 June 2009. The Senegal country office explained that actions had been taken to distribute long-term supply items and that it had made the reduction of long-term storage supply items a priority at the country management team meeting.

187. The delay in the distribution of programme supplies was also addressed by the Office of Internal Audit during its audits of country offices. Stocking supplies in warehouses for long periods could affect the efficient utilization of programme supplies.

188. **UNICEF agreed with the Board's recommendation that it ensure that the Niger and Senegal country offices take measures to prevent the long-term storage and expiration of supply items.**

Storage conditions at warehouses

189. Section 2, chapter 11, of the Supply Manual provides that UNICEF should physically improve the fabric of warehouses in order to ensure safe and adequate storage conditions. At the Senegal country office, the warehouse, which was used to store medicine and food, did not have a thermometer or a hygrometer for monitoring temperature and humidity and there was no air conditioner or other equipment in place to ventilate the warehouse.

190. At the Yemen and Nepal country offices, some programme supplies, including vaccines and injectors, were stored in the warehouses managed by implementing partners. The sanitary conditions at those warehouses needed to be improved. For example, at the warehouse managed by an implementing partner in Yemen, there were no thermometers or air conditioners in the warehouse, despite the requirement that Plasmotrim be stored at less than 25 degrees centigrade.

191. Unsatisfactory storage conditions at the warehouse could affect the quality of programme supplies.

192. **The Board recommends that UNICEF ensure that all country offices, in coordination with implementing partners when necessary, improve the conditions for the storage of programme supplies.**

13. Human resources management

Vacancy rate

193. As at 31 December 2009, of a total of 10,518 approved UNICEF posts, including international Professional, National Professional Officer and General Service posts, 1,898, or 18 per cent, were vacant. The vacancy rate for international Professional posts (26 per cent) was the highest of the three categories in 2009 and was 28 per cent and 27 per cent for 2007 and 2008, respectively. While this indicates some improvement, the vacancy rate for international Professional posts remains relatively high. Of 778 international Professional posts vacant as at 31 December 2009, 135, or 17 per cent, had been vacant since 2008 and 34 had been vacant since 2005. A total of 98 of those posts were at the P-5/L-5 level or above.

194. In 13 field offices/headquarter divisions, vacancy rates were more than 30 per cent. High vacancy rates could weaken the capacity of the field offices to implement their planned activities.

195. **UNICEF agreed with the Board's recommendations that it: (a) review the need for posts that had been vacant for long periods; and (b) take appropriate measures to fill the remaining vacancies.**

Recruitment lead time

196. The Board reviewed the recruitment of 569 international Professional staff members at UNICEF New York headquarters in 2009 and noted that in 328 cases, (58 per cent), it had not been completed within 90 days as recommended by the UNICEF medium-term strategic plan (E/ICEF/2008/19), with longest period being 510 days (see table II.9).

Table II.9
Recruitment lead time for international Professional posts in 2009

Duration of recruitments	*Number of international Professional posts*	*Percentage of total*
90 days or less	241	42
91 to 180 days	273	48
More than 180 days	55	10
Total	**569**	**100**

197. The Board analysed the time taken to complete various steps in the recruitment process and noted that the main factor leading to long recruitment processes was the time it took for the Division of Human Resources to obtain recommendations relating to shortlists from various request offices, with the longest period being almost one year (see table II.10). UNICEF had not established a clear timeline for the requesting offices to make recommendations relating to shortlists.

Table II.10
Analysis of the time taken to obtain recommendations from request offices for international Professional recruitments in 2009

Time taken to obtain recommendations	*Number of international Professional recruitments*	*Percentage of total*
30 days or less	85	15
31 to 90 days	348	61
More than 90 days	136	24
Total	**569**	**100**

198. UNICEF explained that once shortlists were transmitted to the request offices, the Division of Human Resources had no means of ensuring that the review process was undertaken expeditiously in the offices concerned. UNICEF had taken several measures to reduce recruitment lead time, including the implementation of the e-recruitment system, the introduction of new central review boards and the promulgation of the staff selection policy.

199. Long recruitment processes for international Professional staff members could have a negative impact on the effective operation of the requesting offices/divisions.

200. **UNICEF agreed with the Board's recommendation that it set up a clear timeline for requesting offices/divisions to make recommendations relating to shortlists so as to expedite the recruitment process.**

Performance evaluation

201. The Board reviewed a sample of 413 performance evaluation reports from UNICEF New York headquarters for 2009 and noted that 126 such reports, or 31 per cent, had not been completed within the time frame set in the UNICEF Human Resources Manual. In addition, each office/division at New York headquarters maintained its own performance evaluation reports, and the respective heads of offices/divisions were accountable for the timely completion of the reports. However, no office/division was responsible for monitoring the completion status of the reports, and the overall completion rate was unavailable at the time of audit.

202. In seven UNICEF offices (the Innocenti Research Centre, the Regional Office for South Asia, the Eastern and Southern Africa Regional Office, the Western and Central Africa Regional Office and the country offices in Nepal, Senegal and the United Republic of Tanzania), some performance evaluation reports for 2008 had not been completed in a timely manner as required by the UNICEF Human Resources Manual.

203. UNICEF indicated that the delay in the completion of performance evaluation reports was due mainly to competing priorities and project deadlines, as well as a heavy year-end workload. UNICEF also explained that an electronic performance appraisal system (e-PAS) was being piloted in 2010, which would be used for the timely processing and monitoring of performance appraisals in future.

204. The delay in the completion of performance evaluation reports could weaken the effectiveness of such reports in motivating staff members and affect the performance evaluation process.

205. **UNICEF agreed with the Board's recommendation that it: (a) adhere strictly to the provisions of UNICEF Human Resources Manual in relation to performance evaluation; and (b) establish a mechanism to monitor the overall completion rate of the performance evaluation reports.**

14. Consultants, experts and temporary assistance

Selection process

206. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 156), the Board noted that some UNICEF offices had hired or rehired their contractors from a sole source, and it had recommended that UNICEF comply with the requirement of the UNICEF Human Resources Manual in relation to consultant selection.

207. At the Supply Division, 5 out of 14 individual consultants contracted in 2008 were selected through the sole source approach. The justification for using the sole source approach in the selection of one consultant was not documented, while justifications in the other four cases were not consistent with the requirements of the UNICEF Human Resources Manual.

208. At the Middle East and North Africa Regional Office, 10 of 25 consultants and individual contractors sampled in 2008 had been selected through the sole source method, but no justification was offered in four cases.

209. In 2009, UNICEF New York headquarters signed 78 contracts with former/retired staff members; 13 contracts (17 per cent) were entered into without the approval of the Director of the Division of Human Resources, as required by the UNICEF Human Resources Manual.

210. The selection of consultants and individual contractors through the sole source approach without sufficient justification and the awarding of contracts to former/retired staff members without the approval of the Director of the Division of Human Resources could affect the quality of service rendered.

211. **UNICEF agreed with the Board's recommendation that it strictly comply with the requirements of the UNICEF Human Resources Manual relating to the selection of consultants and individual contractors.**

212. UNICEF commented that it planned to raise awareness of existing policies internally.

Performance evaluation

213. Section 2, chapter 6, of the UNICEF Human Resources Manual requires that the work and performance of all consultants and individual contractors be evaluated, and no final payments against contracts can be made until an evaluation has been submitted, stating that the entire assignment has been satisfactorily completed.

214. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 152), the Board noted that at the India country office, payments had been made to some consultants/contractors without an effective evaluation of the quality of their work, and it had recommended that UNICEF comply with the performance evaluation provisions of the UNICEF Human Resources Manual.

215. In four country offices (Nepal, Kenya, Tajikistan and Yemen), final payments for 33 special service agreements were made to contractors without an evaluation of their performance regarding the accomplishment of agreed deliverables having been conducted. UNICEF explained that some contracts had been evaluated without being marked as "evaluated" in the Programme Manager System. In addition, some contracts were jointly supervised by several sections, and insufficient coordination among sections resulted in final payment being made without a final evaluation.

216. **UNICEF agreed with the Board's recommendation that it ensure that all country offices strictly comply with the requirements of the UNICEF Human Resources Manual in relation to the performance evaluation of consultants and individual contractors.**

15. Information technology

System user account administration

217. The UNICEF user provisioning and password policy requires that user accounts be closed upon contract expiration contract termination, or retirement. The Systems, Applications and Products (SAP) security administration procedures

require that if the user has not logged into the SAP system for more than one year, the user account is to be closed.

218. At UNICEF New York headquarters, the Board reviewed the SAP user list generated by the system on 16 April 2010 and noted that 89 users had not logged into the system for more than one year, including 17 who had not logged in for more than two years. However, those accounts had not been closed as at the time of audit.

219. At the country office in the United Republic of Tanzania, the Board reviewed the Programme Manager System user list generated on 24 August 2009 and noted that 11 staff member accounts remained active even though those staff members had been gone from the office for periods ranging from 3 to 12 months. Delays in the closure of former staff member accounts could result in unauthorized access to confidential information.

220. **UNICEF agreed with the Board's recommendation that user accounts be closed in a timely manner in accordance with the requirements of the user provisioning and password policy and the Systems, Applications and Products security administration procedures.**

Physical controls at data centres

221. UNICEF information and communications technology requirements and recommendations for 2008-2009 require that file servers and other data centre components be placed in a secure, dust- and static-free and heat-controlled environment, with a stable and earthed power source backed up by a UNICEF standard uninterruptible power supply and generators where needed. At the Niger country office, the power supply, to cleaning of and anti-static and safety precaution controls at the data centre were not adequate, while the data centre at the Cambodia country office had no humidity-control equipment. In addition, those country offices had not established specific guidelines or procedures in relation to physical controls at the data centres.

222. **UNICEF agreed with the Board's recommendation that it ensure that the Niger and Cambodia country offices establish and enforce specific guidelines or procedures to improve the physical controls at their data centres.**

16. Enterprise resource planning systems

223. UNICEF made a strategic decision in 2008 to move to one enterprise resource planning application system ("One ERP") to enhance business efficiency and effectiveness. The "One ERP" project would be closely linked to UNICEF improvement initiatives, including the commitment made by the Fund to the General Assembly to become IPSAS-compliant.

224. According to the "One ERP" project charter, there are nine phases for the implementation of the project, namely, preparation; finalization of scope; sign-off of charter; business blueprint; sign-off of blueprint; realization; upgrading of global infrastructure; global training; and final preparation for deployment. UNICEF plans to roll out the new system to all UNICEF offices by the end of 2011 so that the entire organization is on an IPSAS-compliant platform in 2012.

225. UNICEF had completed the first five phases and was currently entering the phases of "realization" and "upgrading of global infrastructure". Under those two

phases, there are six major tasks, namely, system development; system testing; the updating of the regulatory framework; training preparation and development; preparation for the roll-out; and the setting up and development of support capacity. Some activities relating to the updating of the regulatory framework had, however, been delayed. For example, six divisions had needed to outline changes in 205 policies or procedures by the end of March 2010, but no outline had been provided by the end of April. The delay in the updating of the regulatory framework could affect the implementation of the "One ERP" project and the achievement of the improvement initiatives of UNICEF.

226. **The Board recommends that UNICEF expedite the implementation of the "One ERP" project in accordance with its project plan.**

17. Internal audit function

227. The Board reviewed the work of the Office of Internal Audit relating to its audit coverage of UNICEF offices as well as its audit management process. The Office adopts a risk-based audit methodology and plans its audit activities on an annual basis. According to the office management plan of the Office of Internal Audit for the biennium 2008-2009, 68 audits were planned, including 50 country office audits and 18 headquarters, systems and thematic audits. As at 31 December 2009, the Office of Internal Audit had completed 68 audits, as planned.

228. As indicated in the audit management process flow chart of the Office of Internal Audit, the audit report is to be issued within 10 weeks of the clearance of audit observations with the auditee at the time of the exit meeting. UNICEF indicated that it took an average of 11.6 weeks in 2008 and 15.5 weeks in 2009 to issue country office audit reports. Those delays were due mainly to the introduction of the new reporting approach. In addition, a number of country offices took considerable time to provide their comments, which further contributed to the delays. This matter was discussed at the January 2010 workshop and the Office of Internal Audit was considering revising the standard.

229. According to its terms of reference, the UNICEF Audit Advisory Committee provides advice on the strengthening of the UNICEF oversight system. During the period under review, the Committee reviewed and endorsed the annual workplan of the Office of Internal Audit and regularly monitored the status of implementation of audit plan and audit recommendations. The annual reports of the Office of Internal Audit were also submitted to the Committee.

Implementation of internal audit recommendations

230. According to the 2008-2009 office management plan of the Office of Internal Audit, there should be no recommendations outstanding for more than 18 months. However, 32 audit recommendations were outstanding for more than 18 months as at 31 December 2009. As at 31 March 2010, there were still 7 audit recommendations outstanding for more than 18 months. These were made in 2007 and relate to the regional offices and headquarters.

231. UNICEF explained that it took more time to close a recommendation stemming from a headquarters or regional office audit than it took to close one stemming from a country office audit because the recommendations generally required structural changes in the oversight, policy and guidance, and performance measurement and reporting systems.

232. The failure to close in a timely manner internal audit recommendations issued to headquarters and regional offices could weaken the capacity of UNICEF to improve the efficiency and effectiveness of its operations and to achieve its strategic and operational objectives at all levels.

233. **UNICEF agreed with the Board's recommendation that it accelerate the implementation of the internal audit recommendations stemming from headquarters and regional office audits.**

18. Internal audit findings

234. During the biennium 2008-2009, the Office of Internal Audit completed 50 audits of country offices, focusing on three main functional areas, namely, governance and risk management, programme management and operations management. A total of 730 audit observations were issued during the audits of the country offices. The most frequent risk observations for three main functional areas are summarized in table II.11.

Table II.11
Main observations arising from Office of Internal Audit audits of country offices during the biennium 2008-2009

Functional areas	*Main deficiencies*	*Examples*
Governance and risk management	Weak strategic planning and priority-setting by country offices	Some country offices had not developed annual management plans. For those that had such plans, some were incomplete, with no information on operations or programme priorities and targets. Some contained too many priorities and thus lacked focus, while others had unclear priorities.
	Lack of a systematic approach to risk management	While country offices had some mechanisms in place to identify and review constraints to programme implementation and operations support, they lacked a structured risk management approach for identifying, responding to and reporting on risks.
	Weaknesses in human resources strategy and recruitment	Some country offices used high numbers of temporary staff and consultants owing to inadequate capacity-gap analysis and/or delayed recruitment.
Programme management	Weakness in assessment of implementing partners' capacities	Some observations indicated inadequate assessment of implementing partners' capacity to use and manage UNICEF-supported inputs; weak mobilization and delivery of programme inputs; and weak monitoring of results due to inadequate, or lack of, programme indicators and monitoring tools.

Functional areas	*Main deficiencies*	*Examples*
	Weakness in evaluation functions	At some country offices, the programme evaluations were not properly prioritized or implemented on time, and/or their recommendations were not rigorously monitored, thereby weakening institutional knowledge of programme effectiveness and accurate reporting on the achievement of multi-year results.
	Insufficient knowledge of the situation of children and weak advocacy for children's rights	Some country offices did not have current relevant data and information on the situation of children — thereby weakening the identification of priority needs of children and the design of country programmes and advocacy plans. In addition, they did not sufficiently support national data collection and analysis by partners. In some country offices, there were no structured advocacy plans with clear strategies, assigned responsibilities, resources and targets for the measurement of progress in the realization of children's rights.
Operations management	Weaknesses in the processing of financial transactions and implementation of financial controls	Sampled payments for the procurement of goods and services were not always processed on time, fully supported, correctly coded and in compliance with relevant financial requirements. In the majority of offices audited, the goods were not always certified as received. For the offices that had implemented the harmonized approach to cash transfers, there were delays in the processing of direct cash transfer requests from partners.
	Weakness in procurement of supplies and selection of suppliers	Market surveys were often outdated; supplier databases were either lacking or outdated; contracts were at times issued prior to proposal review by the contract review committee; and bids were sometimes not processed properly.
	Deficiencies in the management of inventory and assets	At some country offices, there was generally no physical count of inventory; there was delayed implementation or weak monitoring of the status of recommendations of the property survey board; a parallel manual system was used in recording assets in addition to the standard database; and there were some delays in the distribution of programme supplies to implementing partners.

235. During the biennium 2008-2009, OIA completed 18 headquarters, systems and thematic audits. The key observations are summarized in table II.12.

Table II.12
Main observations arising from the headquarters, system and thematic audits undertaken by the Office of Internal Audit during the biennium 2008-2009

Topics	*Main deficiencies*
Audit of UNICEF guidance and support for efficient operation functions in country offices	There was no guidance on the measurement of the efficiency of the main support functions in country offices and no global efficiency indicators — which link costs with the results of the main support functions — to assist UNICEF in overseeing the efficiency of country office operations functions.
Audit of treasury management	Improvements were required in areas such as the roles, responsibilities and composition of the oversight committee; cash forecasting; completeness of treasury guidelines and agreements with bank partnerships; and benchmark selection to judge performance of investments.
Audit of the management of evaluation in country offices	Weaknesses included a low percentage of satisfactory-quality evaluations at country office level, insufficient guidance to enable strategic selection of evaluations and lack of a clear distinction between programme and institutional evaluations.
Audit of oversight and operations support provided to the country offices by the regional offices	Improvements were required in developing guidance and standards to ensure the right support for the country offices where and when it is needed.
Audit of the management of the information and communications technology function in country offices	There was no identification of appropriate organizational frameworks and resource allocations for information and communications technology services in different types of location; no guidance was provided on information and communications technology governance structures, strategies and expected services at the country level; and regional and country offices did not have tools to monitor computer misuse or attempted security violations.

19. Revenue-producing activities

Regular resources and global thematic funds

236. According to section 2 of the executive directive on fund-raising (CF/Exd/2003-013), UNICEF should make efforts to increase regular resources and global thematic funds under other resources for the five organizational priorities. Global thematic funds are the best alternative to regular resources.

237. UNICEF regular resources decreased by 0.5 per cent from $2.16 billion in 2006-2007 to $2.15 billion in 2008-2009. The proportion of regular resources to total income decreased by 5 per cent from 37 per cent in 2006-2007 to 32 per cent in 2008-2009. In addition, the 2008-2009 financial statements indicated that, as at 31 December 2009, the funds to be raised from regular resources for approved programmes and appropriations amounted to $1.73 billion, compared with $717 million as at 31 December 2007, an

increase of $1.01 billion, or 141 per cent. This indicated that UNICEF needed to intensify its efforts to raise more regular resources.

238. Overall global thematic funds increased by 6 per cent from $600 million in 2006-2007 to $638 million in 2008-2009. However, the global thematic funds as a percentage to other resources decreased by 3 per cent from 17 per cent in 2006-2007 to 14 per cent in 2008-2009. UNICEF explained that the financial crisis in 2008 had had an impact on UNICEF regular resource fund-raising. In addition, several major donors reduced their contributions owing to Government budget cuts. The decrease in thematic funds resulted from many factors, including donor interest in new ways of funding or in funding different agencies and changes in donor policy and governance.

239. The decline in the proportion of regular resources to overall income and the decrease in thematic funds as a percentage of other resources could affect the capacity of UNICEF to provide continued leadership on child-related priorities, as well as its ability to realize its medium-term strategic plan for the period 2006-2011.

240. **UNICEF agreed with the Board's recommendation that it strengthen advocacy and communication with current and potential donors to increase regular resources and global thematic funds.**

Income retention by National Committees from the sale of greeting cards and gifts

241. According to the standard cooperation agreement between the National Committees and UNICEF, each National Committee may be authorized to retain up to 25 per cent of its revenue (including the gross proceeds from sales of greeting cards and gifts as well as revenue from private sector fund-raising activities) to UNICEF.

242. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, paras. 185 to 188), the Board noted that the income-retention rates of National Committees relating to the sale of greeting cards and gifts had exceeded the ceiling of 25 per cent, and it had recommended that UNICEF enforce the provisions of the UNICEF Financial Regulations and Rules in relation to income retention and evaluate the applicability of the 25 per cent retention rate. In its relevant report (A/63/474), the Advisory Committee on Administrative and Budgetary Questions concurred with the Board's recommendation that UNICEF ensure that the 25 per cent retention limit is applied and, if necessary, evaluate and formalize any exceptions to the rule.

243. In 2008 and 2009, there were 29 and 27 National Committees, respectively, that had retention rates for sales of greeting cards and gifts greater than 25 per cent. In addition, 24 National Committees had overall retention rates for revenue (including both the gross proceeds from the sales of greeting cards and gifts and revenue from private-sector fund-raising activities) greater than 25 per cent in both 2008 and 2009.

244. UNICEF explained that it had included the evaluation of retention rates in the joint strategic planning and renegotiation processes of the new cooperation agreement with the National Committees. The renegotiation process was still ongoing at the time of audit.

245. **The Board reiterates its previous recommendation that the Private Fund-raising and Partnerships Division adhere strictly to the provisions of the UNICEF Financial Regulations and Rules in relation to the retention of income by National Committees.**

Joint strategic plan

246. The joint strategic plan is the primary mechanism permitting UNICEF and the National Committees to work together to increase revenues for UNICEF programmes

and promote UNICEF goals. As at 20 April 2010, 2 joint strategic plans covering the period 2009-2011 and 14 covering the period 2010-2012 had not been signed between UNICEF and National Committees. UNICEF explained that of the 16 National Committees that had not signed the joint strategic plans, 4 were still negotiating with UNICEF on plan provisions; 6 would sign the plans later in 2010 and the remaining 6 had not decided when to sign them.

247. **UNICEF agreed with the Board's recommendation that it ensure that the Private Fund-raising and Partnerships Division accelerates the negotiations with National Committees and signs the joint strategic plan as early as possible.**

Submission of donor reports

248. The Programme Policy and Procedures Manual requires UNICEF offices to ensure timely and good quality reports to account for the resources entrusted to the organization and to help raise additional resources. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 39), the Board noted that the donor reports of seven field offices were submitted after the due date, and it had recommended that UNICEF determine the cause of the delays and institute measures to ensure that the reports are submitted in accordance with donor agreements.

249. The Board reviewed the efforts undertaken by UNICEF to implement that recommendation and noted that the percentage of donor reports submitted on time by country offices increased from 77 per cent in 2007 to 82 per cent in 2009. According to the report prepared by UNICEF New York headquarters, 596 (18 per cent) of 3,324 donor reports were not submitted on time by country offices in 2009. In addition, in 10 offices (the Innocenti Research Centre, the Regional Office for South Asia, the Regional Office for East Asia and the Pacific, the Western and Central Africa Regional Office, the Middle East and North Africa Regional Office and the country offices in Cambodia, Tajikistan, the Niger, Senegal and Nepal), 155 sampled donor reports were submitted after the due date, with delays ranging from 1 to 437 days (see table II.13).

Table II.13
Delays in submission of donor reports in UNICEF offices during the period under review

	Office	*Number of reports due*	*Number of reports not submitted on time*	*Length of delay*
1	Innocenti Research Centre	25	20	Unspecified
2	Regional Office for South Asia	13	6	3-106 days
3	Regional Office for East Asia and the Pacific	22	8	6-36 days
4	Western and Central Africa Regional Office	48	30	30-437 days
5	Middle East and North Africa Regional Office	22	4	Over 30 days
6	Cambodia country office	22	3	Unspecified
7	Tajikistan country office	14	2	Unspecified
8	Nepal country office	—	31	Unspecified
9	Niger country office	76	33	7-30 days
10	Senegal country office	28	18	1-135 days

250. UNICEF explained that delays in the submission of donor reports were due mainly to: (a) capacity limitations arising from the high vacancy rates and high turnover rates of programme staff members; (b) the difficulties in collecting data from remote zones, where the national counterparts had the weakest capacity; and (c) external factors, such as humanitarian crises, that had an impact on the normal business operations of the offices.

251. Delays in the submission of reports to donors could result in the failure of UNICEF to meet donors' expectations regarding accurate and timely reporting and could affect their enthusiasm to contribute to UNICEF programme activities in the future.

252. **UNICEF agreed with the Board's reiterated recommendation that it determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

Donor report checklist

253. The UNICEF Programme Policy and Procedures Manual provides for UNICEF offices to prepare their donor reports in accordance with the requirements of the checklist and attach the completed checklist when submitting such reports. At seven field offices (the Western and Central Africa Regional Office, the Regional Office for East Asia and the Pacific, the Middle East and North Africa Regional Office, the Regional Office for South Asia and the country offices in Cambodia, Senegal and Nepal), some donor reports were not prepared or submitted in accordance with the provisions of the Manual, as set out below:

(a) At the Cambodia, Senegal and Nepal country offices and the Regional Office for South Asia, the relevant staff members did not complete the checklists while reviewing the contents of donor reports, or did not attach the checklists to the donor reports;

(b) At the Western and Central Africa Regional Office, the Regional Office for East Asia and the Pacific, the Middle East and North Africa Regional Office and the Nepal country office, some important components of the donor reports, such as the future workplan, the comparison between planned and achieved results and the fund utilization report, were absent.

254. The absence of completed checklists or of important components of the donor reports could influence the quality of such reports, which could adversely affect the fund-raising ability of UNICEF.

255. **UNICEF agreed with the Board's recommendation that it ensure that all field offices strictly comply with the provisions of the Programme Policy and Procedures Manual in the preparation and submission of donor reports.**

Oversight of donor reporting performance of country offices

256. The UNICEF Programme Policy and Procedures Manual provides for regional offices to be responsible for monitoring and conducting sample assessments of country office donor reporting performance. At four regional offices, some weaknesses existed in connection with the oversight of the donor reporting performance of country offices, as set out below:

(a) The Western and Central Africa Regional Office, the Regional Office for East Asia and the Pacific and the Regional Office for Central and Eastern Europe and the United States did not conduct sample assessments of the donor reporting performance of country offices during the financial period under review. The Western and Central Africa Regional Office and the Regional Office for East Asia and the Pacific had developed a quality assurance checklist to monitor the quality of country office donor reports, but the checklist was not utilized;

(b) The Middle East and North Africa Regional Office contracted a consultant to review the donor reports prepared by the country offices. However, it did not implement the recommendations made in the consultant's report.

257. UNICEF explained that some regional offices paid more attention to the timely submission of donor reports than to the quality of such reports when monitoring the country office reporting performance.

258. **UNICEF agreed with the Board's recommendation that it ensure that all regional offices conduct monitoring and sample assessments of country office donor reporting performance in accordance with Programme Policy and Procedures Manual.**

20. Travel management

Travel plan

259. The UNICEF Administration Manual provides for a travel plan to be prepared, updated quarterly and approved by the head of the office. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, paras. 204 and 205), the Board noted that three field offices had not prepared travel plans, and it had recommended that UNICEF ensure that the relevant field offices prepare travel plans in line with the Manual. The Board reviewed the actions taken by the three field offices to address this recommendation and considered it implemented. However, the following deficiencies in relation to the preparation of travel plans were noted at the Private Fund-raising and Partnerships Division and at three country offices, as set out below:

(a) At the Nepal, Senegal and Tajikistan country offices, there were no office-wide travel plans. For example, during the period from 1 January 2008 to 30 August 2009, the Senegal country office did not prepare a travel plan at the office level. Four programme sections prepared their own travel plans, which were approved by the relevant section chiefs, rather than by the head of the office. At the Nepal country office, only four programme sections had their own travel plans for 2008, which were not approved by the head of the office and did not cover the whole year;

(b) At the Private Fund-raising and Partnerships Division, four sections had no travel plans during the financial period under review.

260. The absence of a travel plan at the office level could hamper the efficiency of travel management.

261. **UNICEF agreed with the Board's reiterated recommendation that it ensure that all offices prepare a travel plan in compliance with the requirements of the UNICEF Administration Manual.**

262. UNICEF commented that its offices had prepared their travel plans in 2010.

Submission of travel request forms

263. The UNICEF Human Resources Manual requires staff members to complete and submit travel request forms at least two weeks prior to the anticipated departure dates. In its previous report (A/63/5/Add.2 and Corr.1, chap. II, para. 203), the Board noted that

at the country office in the Plurinational State of Bolivia, a number of staff members had not submitted the travel request forms at least two weeks prior to the anticipated departure dates, and it had recommended that UNICEF ensure that that office submit travel requests in a timely manner. The Board reviewed the actions taken by the country office in the Plurinational State of Bolivia to address that recommendation and considered it implemented. However, the situation had not improved at UNICEF headquarters and some other field offices.

264. According to the UNICEF report on the submission of travel requests, 10,476 travel requests were submitted by headquarters divisions during the biennium 2008-2009, of which 7,753, or 74 per cent, were submitted within two weeks of departure. In addition, 309 travel requests, or 3 per cent, were submitted after the departure date.

265. At the Eastern and Southern Africa Regional Office, the Board reviewed a sample of 10 travel requests and noted that 6 had been submitted less than 10 days before the departure dates. At the Kenya country office, of 1,022 requests for travel between January and August 2009, 931 requests, or 91 per cent, were not submitted two weeks prior to the anticipated departure dates, as required by the UNICEF Human Resources Manual.

266. UNICEF explained that it was not always possible to submit travel requests two weeks prior to the departure date owing to emergency situations. The delayed completion and submission of travel requests could increase the travel costs.

267. **The Board reiterates its previous recommendation that UNICEF ensure that travel requests are submitted at least two weeks prior to the anticipated departure dates at all offices, as required by Human Resources Manual.**

268. UNICEF commented that it would take additional measures to improve travel request submission rates.

C. Disclosures by management

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

269. In accordance with UNICEF financial rules 112.15 and 112.16, UNICEF reported to the Board that asset losses of $30.71 million ($20.98 million in 2006-2007) had been written-off during the biennium 2008-2009 (see table II.14).

Table II.14
Write-off of losses of cash, receivables and property during the biennium 2008-2009
(United States dollars)

Type	*Amount*
Cash	348 050
Inventory	850 866
Uncollectible contributions	23 262 172
Other assets	6 244 147
Total	**30 705 235**

Note: Based on the data provided by UNICEF.

2. Ex gratia payments

270. As required by UNICEF financial rule 113.9, UNICEF reported to the Board that there were no ex gratia payments for the financial period under review.

3. Cases of fraud and presumptive fraud

271. During the biennium 2008-2009, UNICEF reported 29 cases of fraud or presumptive fraud to the Board (there had been 58 cases in 2006-2007). Of those cases, 20 had resulted in estimated financial losses amounting to $146,418, of which UNICEF had recovered $103,779 by 22 April 2010 (see table II.15).

Table II.15
Cases of fraud and presumptive fraud for the biennium 2008-2009
(United States dollars)

	Number of cases	*Amount of loss*	*Amount recovered*
Theft and attempted theft	17	90 212	57 977
Staff misconduct	4	4 645	0
Entitlement fraud	4	45 761	40 402
Damage to/misuse of property	2	5 800	5 400
Robbery/kickbacks	2	0	0
Total	**29**	**146 418**	**103 779**

Note: Based on the data provided by UNICEF.

D. Acknowledgement

272. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and staff of the United Nations Children's Fund.

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa
Chair of the United Nations Board of Auditors

(*Signed*) **Liu** Jiayi
Auditor-General of China
(Lead Auditor)

(*Signed*) Didier **Migaud**
First President of the Court of Accounts of France

30 June 2010

Annex I

UNICEF offices audited during the biennium 2008-2009

1. UNICEF New York headquarters
2. Supply Division
3. Private Fund-raising and Partnerships Division
4. Innocenti Research Centre
5. Regional Office for East Asia and the Pacific
6. Western and Central Africa Regional Office
7. Eastern and Southern Africa Regional Office
8. Middle East and North Africa Regional Office
9. Regional Office for South Asia
10. Regional Office for Central and Eastern Europe and the Commonwealth of Independent States
11. Cambodia country office
12. Madagascar country office
13. Tajikistan country office
14. Lao People’s Democratic Republic country office
15. Nepal country office
16. Niger country office
17. Yemen country office
18. China country office
19. Kenya country office
20. Senegal country office
21. United Republic of Tanzania country office

Annex II

Status of implementation of recommendations for the biennium ended 31 December 2007[a]

	Subject	*Paragraph reference*	*Period first reported*	*Implemented*	*Under implementation*	*Not Implemented*	*Overtaken by events*	*Total*	*Reference in the present report*
1.	Outstanding budgetary obligations: make the necessary adjustments against reserves and fund balances for the cancellation of outstanding prior-period obligations and consider the cancellation of outstanding obligations relating to the current biennium as a reduction to recorded expenditure instead of as income (New York headquarters)	24	2006-2007	X				1	
2.	Contributions receivable: assess periodically the collectibility of the amounts shown as contributions receivable and make adequate provision for any amounts that are unlikely to be collected (New York headquarters)	31	2006-2007	X				1	
3.	Outstanding budgetary obligations: ensure that field offices request headquarters to cancel the remaining balances of outstanding obligations as soon as they are fully settled (all field offices)	36	2006-2007	X				1	
4.	Donor reporting: determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements (all field offices)	42	2006-2007		X			1	raised

[a] *Official Records of the General Assembly, Sixty-third Session, Supplement No. 53* and corrigendum (A/63/5/Add.2 and Corr.1), chap II.

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
5.	Contributions: establish an annual contribution target that would serve as a benchmark in assessing the effectiveness of fund-raising programme activities (Tokyo office)	47	2006-2007	X				1	
6.	Cash assistance to Governments: comply with financial circular 15 (Rev.3) on the issuance of official receipts by recipients of cash assistance (all field offices)	52	2006-2007		X			1	raised
7.	Cash assistance to Governments: monitor closely cash assistance provided to Governments to ascertain that it is utilized in accordance with the objectives of the approved projects; clear all long-outstanding cash assistance/transfers to Governments; and make further cash transfers to implementing partners only upon the submission of cash utilization reports (all field offices)	61	2006-2007		X			1	raised
8.	Financial control: monitor regularly the changes made in the document authorization tables; update periodically the tables of authority; and establish procedures to ensure that the assignment of financial authorities in the Programme Manager System is consistent with that contained in the table of authority (all field offices)	69	2006-2007		X			1	raised

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
9.	Cash and term deposits: review all reconciling items appearing on the monthly bank reconciliation statements of field offices and make the appropriate adjustments to the accounting records immediately after each monthly review (all field offices)	76	2006-2007	X				1	
10.	Contributions receivable: review the amount of $2.7 million shown as outstanding receivables in respect of contributors who have fully honoured their pledges (New York headquarters)	79	2006-2007	X				1	
11.	Signed pledges: take appropriate measures to ensure that written pledges are promptly recorded as income and contributions receivable (New York Headquarters)	81	2006-2007	X				1	
12.	Accounts receivable: investigate the negative balances in the “other accounts receivable from staff members” accounts and make the appropriate adjustments (New York headquarters)	83	2006-2007	X				1	
13.	Inventory balances: determine the causes of the discrepancies in the inventory account, especially those with negative balances, and take steps to evaluate SAP-FLS for possible enhancement (Supply Division)	90	2006-2007	X				1	

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
14.	Landholdings: carry out a comprehensive inventory of all its landholdings and reconcile the results with the related asset records to correctly value them and record them in the books of accounts (New York headquarters)	96	2006-2007	X				1	
15.	Lease of building: disclose in the notes to the financial statements the terms of the lease arrangements, the cost of the property and the corresponding liability for the unpaid portion of the lease (New York headquarters)	102	2006-2007	X				1	
16.	Accounts payable: review the accounts payable with negative balances and make the appropriate adjustments in the accounting records (New York headquarters)	107	2006-2007	X				1	
17.	End-of-service liabilities: consider disclosing end-of-service liabilities on the face of the financial statements; and determine mechanisms to fully fund those liabilities (New York headquarters)	114	2006-2007		X			1	
18.	Investment: disclose the details of the investment portfolio, including the market value of the investments under both the short-term and long-term classifications (New York headquarters)	117	2006-2007		X			1	
19.	Reserves: consider the disclosure of the source of funding of the reserves for procurement services, insurance and capital assets (New York headquarters)	119	2006-2007	X				1	

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
20.	IPSAS: develop a plan detailing the various steps to be taken leading to the full implementation of IPSAS by 2010 (New York headquarters)	121	2006-2007	X				1	
21.	Procurement and contract management: prepare written evaluations of all suppliers to reduce the risk of contracts being awarded inadvertently to suppliers with unsatisfactory performance (Private Fund-raising and Partnerships Division)	126	2006-2007	X				1	
22.	Procurement and contract management: include in purchase orders a penalty clause for late delivery in accordance with the provisions in the UNICEF Supply Manual (Philippines, Myanmar and Ethiopia country offices)	130	2006-2007	X				1	raised
23.	Assets management: implement a procurement strategy to ensure that supplies are dispatched in a timely manner to the end-users once they are delivered (Myanmar country office); and ensure that realistic estimates of supply requirements are prepared and that supplies are distributed to the programmes within the designated time frames (Plurinational State of Bolivia country offices)	141	2006-2007	X				1	

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
24.	Assets management: attach distribution lists to supply requisitions; and make representation to the Government of Ethiopia for the release of programme supplies that are kept in bonded warehouses in compliance with chapter 14 of the Supply Manual (Ethiopia country office)	142	2006-2007	X				1	
25.	Assets management: take measures to improve the reliability of the inventory records in the field offices (all field offices)	146	2006-2007		X			1	
26.	Assets management: review its non-expendable property management processes and control of property records (New York headquarters)	150	2006-2007	X				1	
27.	Consultants, experts and temporary assistance: comply with the requirements of the Human Resources Manual and the related administrative instructions in the hiring of consultants in respect of selection procedures, the signing of special service agreements before the commencement of work, medical examinations and performance evaluation (all field offices)	157	2006-2007		X			1	
28.	Information technology: evaluate the existing functions in the payroll process with a view to ensuring the adequate segregation of duties: (New York headquarters)	164	2006-2007	X				1	

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
29.	Information technology: comply with the requirement that the Applications Administrator not be granted any financial authority (regional offices for the Middle East and North Africa and for Eastern and Southern Africa and the Jordan country office)	169	2006-2007	X				1	
30.	Programme and project management: provide specific baseline and target data to further enhance the measurability of project results (all field offices)	171	2006-2007	X				1	
31.	Programme and project management: fully utilize the Programme Manager System as a monitoring tool for programme implementation and for requisitioning inputs; and conduct training for all sector heads and programme/project officers on the use of programme management tools in System (Americas and the Caribbean Regional Office and Southern Sudan area office)	175	2006-2007	X				1	
32.	Programme and project management: include in the guidelines for the 2008 country office annual reports a requirement to incorporate in section 2.2 of the report a comparative analysis of the annual workplan in relation to the actual results according to the annual workplan monitoring tool (New York headquarters)	179	2006-2007	X				1	

	Subject	Paragraph reference	Period first reported	Implemented	Under implementation	Not Implemented	Overtaken by events	Total	Reference in the present report
33.	Programme and project management: evaluate project proposals to determine the adequacy of requested financing by implementing partners and probable obstacles to implementation; strengthen the monitoring of projects; and document and monitor the reprogramming and utilization of refunds (India country office)	184	2006-2007	X				1	
34.	Revenue-producing activities: enforce financial rule 9.04 relating to the retention of income by National Committees (Private Fund-raising and Partnerships Division)	189	2006-2007		X			1	raised
35.	Revenue-producing activities: evaluate the applicability of the 25 per cent retention rate to all National Committees (Private Fund-raising and Partnerships Division)	190	2006-2007		X			1	
36.	Revenue-producing activities: in consultation with the National Committees, revises the reporting calendar for the submission of the final reports to coincide with the deadline for financial reporting (Private Fund-raising and Partnerships Division)	196	2006-2007		X			1	
37.	Travel management: comply with policies and procedures on the submission of travel reports; and ensure that travel advances are cleared within 15 days of the completion of travel (all field offices)	200	2006-2007		X			1	

	Subject	*Paragraph reference*	*Period first reported*	*Implemented*	*Under implementation*	*Not Implemented*	*Overtaken by events*	*Total*	*Reference in the present report*
38.	Travel management: submit travel requests in a timely manner; and prepare a travel plan in line with the UNICEF Administration Manual (Plurinational State of Bolivia and the Philippines country offices and the Southern Sudan area office)	206	2006-2007	X				1	raised
	Total recommendations			**26**	**12**	**0**	**0**	**38**	
	Percentage to total			**68**	**32**	**0**	**0**	**100**	

Chapter III
Financial report for the biennium ended 31 December 2009

Introduction

1. The United Nations Children's Fund (UNICEF) submits herewith its financial report, accompanied by 10 statements, 3 schedules and 2 annexes. Statements I to IV are presented in line with the formats agreed upon by the United Nations System Chief Executives Board for Coordination as a step towards harmonizing the accounts of agencies in the United Nations system. The financial report summarizes the financial results of UNICEF activities for the biennium ended 31 December 2009.

Income

2. UNICEF income in the biennium totalled $6,610 million. Income comprised $2,114 million under regular resources, $3,098 million under other resources (regular) and $1,398 million under other resources (emergency). The breakdown of UNICEF income by source is: 60 per cent ($3,959 million) from Governments and intergovernmental agencies; 29 per cent ($1,902 million) from fund-raising campaigns, the sale of greeting cards and gifts and individual donations; 8 per cent ($552 million) from inter-organizational arrangements; and 3 per cent ($197 million) from miscellaneous sources, including interest and net currency exchange adjustments and gains on foreign exchange transactions.

Expenditure

3. UNICEF expenditure for the biennium was $6,324 million, consisting of $1,883 million for programme cooperation from regular resources, $2,793 million for programme cooperation from other resources (regular), $1,443 million from other resources (emergency), $172 million for management and administration and $33 million for security.

Supported deliveries

4. UNICEF handled supported deliveries on behalf of third parties valued at $625 million during the biennium. The deliveries are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Trust funds

5. Trust fund receipts in the biennium totalled $1,986 million and disbursements and obligations $1,852 million. Trust funds do not form part of the income of UNICEF. Those funds are earmarked resources entrusted to UNICEF by various entities, including Governments, other organizations in the United Nations system and non-governmental organizations, mainly to cover the cost of procuring supplies but also to provide services on behalf of those entities. They also include funds provided by Government sponsors to cover the costs of Junior Professional Officers.

Cash holdings and investments

6. UNICEF had total cash holdings and investments of $2,977 million, which included unspent balances from trust funds amounting to $448 million. Some $2,070 million was held in interest-bearing term deposits, $839 million was in investments and $67 million was in current bank accounts. Cash on hand amounted to $1 million globally.

Approved programmes

7. During the biennium, the Executive Board approved $7,804 million for country programmes of cooperation as well as for regional and interregional programmes. The total included $3,488 million for programmes funded from regular resources and $2,907 million for programmes funded from other resources (regular). The total also included $1,409 million for programmes and projects financed by pledges for other resources (emergency).

(*Signed*) Ann M. **Veneman**
Executive Director
United Nations Children's Fund

Chapter IV

Financial statements for the biennium ended 31 December 2009

A. Financial statements

Statement I
Income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

		2008-2009				2006-2007
		Regular resources	*Other resources (regular)*	*Other resources (emergency)*	*Total*	*Total*
Income						
Voluntary contributions						
Governments and intergovernmental agencies	(schedule 1)	1 209 979	1 901 425	883 540	3 994 944	3 348 829
Less: transfer to biennial support budget	(note 3/schedule 1)	(36 095)			(36 095)	(29 086)
		1 173 884	1 901 425	883 540	3 958 849	3 319 743
Non-governmental/private sector sources	(schedule 1)	3 292	965 464	193 308	1 162 064	883 515
Funds received under inter-organizational arrangements	(schedule 1)	243	230 711	321 178	552 132	412 056
Private Fund-raising and Partnerships Division	(note 4)	740 051			740 051	783 569
Other income						
Interest income		170 032			170 032	262 160
Miscellaneous income	(note 5)	33 907			33 907	49 224
Net currency exchange adjustments and gains on foreign exchange	(note 6)	(7 023)			(7 023)	35 052
Total income		**2 114 386**	**3 097 600**	**1 398 026**	**6 610 012**	**5 745 319**
Expenditure						
Programme assistance	(statement vii)	1 515 575	2 793 365	1 442 648	5 751 588	4 635 529
Programme support	(statement iv)	367 828			367 828	298 557
Total programme cooperation		1 883 403	2 793 365	1 442 648	6 119 416	4 934 086
Management and administration	(statement iv)	171 511			171 511	148 964
Security	(statement iv)	32 850			32 850	20 736
Total expenditure		**2 087 764**	**2 793 365**	**1 442 648**	**6 323 777**	**5 103 786**

		2008-2009				2006-2007
		Regular resources	*Other resources (regular)*	*Other resources (emergency)*	*Total*	*Total*
Excess (shortfall) of income over expenditure		26 622	304 235	(44 622)	286 235	641 533
Write-offs/prior-period adjustments	(note 7)	7 947	16 133	6 625	30 705	21 590
Provision for uncollectible contributions receivable	(note 8)	(4 985)	5 566	5 582	6 163	
Net excess (shortfall) of income over expenditure		**23 660**	**282 536**	**(56 829)**	**249 367**	**619 943**
Fund balances, 1 January		833 332	1 149 079	460 411	2 442 822	1 903 349
Savings on or cancellation of prior-period obligations		28 987			28 987	19 530
Transfer to reserve for after-service health insurance	(note 9)	(60 000)			(60 000)	(90 000)
Transfer to reserve for separation fund	(note 9)					(10 000)
Reserve balances, 1 January	(note 9)	197 520			197 520	89 081
Increase in reserves	(note 9)	69 852			69 852	108 439
Reserves and fund balances, 31 December		**1 093 351**	**1 431 615**	**403 582**	**2 928 548**	**2 640 342**

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

Statement II
Assets, liabilities, reserves and fund balances as at 31 December 2009

(Thousands of United States dollars)

		2009	*2007*
Assets			
Cash and term deposits	(note 10)	2 138 491	2 229 829
Investments	(note 11)	838 952	445 000
Accounts receivable			
Contributions receivable	(note 12/schedule 2)	329 723	251 288
Less: provision for uncollectible contributions receivable	(note 8)	(11 163)	(5 000)
Net contributions receivable		318 560	246 288
Other accounts receivable	(note 13)	441 654	454 576
Inventories	(note 14)	43 791	46 079
Buildings	(note 15)	18 625	17 831
Total assets		**3 800 073**	**3 439 603**
Liabilities			
Contributions received in advance	(note 16)	19 901	40 500
Unliquidated obligations	(note 17)	264 378	273 724
Accounts payable	(note 18)	86 041	123 445
Trust funds	(note 19/schedule 3)	447 722	314 570
Medical insurance plans	(note 20)	53 483	47 022
Total liabilities		**871 525**	**799 261**
Reserves and fund balances			
Reserves			
For procurement services	(note 9)	2 000	2 000
For insurance	(note 9)	115	115
For capital assets	(note 9)	27 286	27 126
For after-service health insurance	(note 9)	210 000	150 000
For separation fund	(note 9)	27 971	18 279
Total reserves		**267 372**	**197 520**
Fund balances			
Regular resources		825 979	833 332
Other resources (regular)		1 431 615	1 149 079
Other resources (emergency)		403 582	460 411
Total fund balances		**2 661 176**	**2 442 822**
Total reserves and fund balances		**2 928 548**	**2 640 342**
Total liabilities, reserves and fund balances		**3 800 073**	**3 439 603**

The accompanying notes form an integral part of this statement and should be read in conjunction with it.

Statement III
Cash flow for the biennium ended 31 December 2009

(Thousands of United States dollars)

	2009	*2007*
Cash flow from operating activities		
Net excess of income over expenditure	249 367	619 943
Increase in contributions receivable	(78 435)	(64 239)
Increase in provision for uncollectible contributions receivable	6 163	
Decrease (increase) in other accounts receivable	12 922	(101 257)
Decrease (increase) in inventory	2 288	(20 537)
(Decrease) increase in contributions received in advance	(20 599)	22 442
(Decrease) increase in accounts payable	(37 404)	22 572
Increase in medical insurance plan	6 461	7 453
Decrease in unliquidated obligations	(9 346)	(10 003)
Less: interest income	(170 032)	(262 160)
Net cash from operating activities	**(38 615)**	**214 214**
Cash flow from investing activities		
Increase in investments	(393 952)	(445 000)
Increase in buildings	(794)	(2 010)
Plus: interest income	170 032	262 160
Net cash from investing activities	**(224 714)**	**(184 850)**
Cash flow from financing activities		
Savings on or cancellations of prior period’s obligations	28 987	19 530
Increase (decrease) in balances on trust funds	133 152	(22 015)
Transfer to reserve for after-service health insurance	60 000	90 000
Transfer to reserve for separation fund		10 000
Transfer from regular resources	(60 000)	(100 000)
Increase in capital assets	160	160
Increase in separation fund	9 692	8 279
Net cash from financing activities	**171 991**	**5 954**
Net (decrease) increase in cash and term deposits	**(91 338)**	**35 318**
Cash and term deposits, 1 January	**2 229 829**	**2 194 511**
Cash and term deposits, 31 December	**2 138 491**	**2 229 829**

Statement IV
Statement of appropriations for the biennium 2008-2009 as at 31 December 2009

(Thousands of United States dollars)

	Appropriations				*Expenditure*				*Appropriations*
	Original	*Supplement*	*Transfers/ adjustments*	*Revised*	*Programme support*	*Management and administration*	*Security*	*Total*	*Unspent*
Programme support									
Country and regional offices	462 043		(144)	461 899	443 137			443 137	18 762
Headquarters	139 857		2 013	141 870	131 312			131 312	10 558
Subtotal	**601 900**		**1 869**	**603 769**	**574 449**			**574 449**	**29 320**
Management and administration	310 900		(1 869)	309 031		285 238		285 238	23 793
Subtotal	**912 800**			**912 800**	**574 449**	**285 238**		**859 687**	**53 113**
Security	26 200	21 400		47 600			32 850	32 850	14 750
Total	**939 000**	**21 400**		**960 400**	**574 449**	**285 238**	**32 850**	**892 537**	**67 863**
Expenditure					574 449	285 238	32 850	892 537	
Less: Recovery from packing and assembly activities					16 093			16 093	
Recovery from other resources regular					116 455	59 992		176 447	
Recovery from other resources emergency					58 387	30 079		88 466	
Agency commissions from administration of non-procurement trust funds and Junior Professional Officers						3 247		3 247	
Government contribution towards local costs					524			524	
Transfer from income in respect of income tax reimbursement					15 162	20 409		35 571	
Subtotal					**206 621**	**113 727**		**320 348**	
Net expenditure					**367 828**	**171 511**	**32 850**	**572 189**	

Statement V
Income/receipts, expenditure/disbursements and changes in fund balances for the biennium ended 31 December 2009

(Thousands of United States dollar)

	2008-2009					2006-2007
	Regular resources	*Other resources (regular)*	*Other resources (emergency)*	*Trust funds*	*Total*	*Total*
Opening balances	833 332	1 149 079	460 411	304 628	2 747 450	2 235 241
Income/receipts	2 114 386	3 097 600	1 398 026	1 985 799	8 595 811	7 347 778
Funds available	2 947 718	4 246 679	1 858 437	2 290 427	11 343 261	9 583 019
Expenditure/disbursements	2 087 764	2 793 365	1 442 648	1 852 185	8 175 962	6 733 509
Write-offs/prior-period adjustments	7 947	16 133	6 625		30 705	21 590
Provision for uncollectible contributions receivable	(4 985)	5 566	5 582		6 163	
Savings on or cancellation of prior-period obligations	(28 987)				(28 987)	(19 530)
Transfer to reserve for after-service health insurance	60 000				60 000	90 000
Transfer to reserve for separation fund						10 000
Closing balances	**825 979**	**1 431 615**	**403 582**	**438 242**	**3 099 418**	**2 747 450**

Statement VI
Status of funding for approved programmes and appropriations as at 31 December 2009

(Thousands of United States dollars)

		Other resources		
	Regular resources	*Other resources (regular)*	*Other resources (emergency)*	*Total*
Unspent balances of programmes as at 1 January 2008	1 550 777	1 503 538	466 343	3 520 658
Approved at Executive Board sessions				
New programmes/appropriations	3 255 449			3 255 449
Additional programmes	233 314	2 906 543	1 408 750	4 548 607
Write-off/prior-period adjustments		(16 133)	(6 625)	(22 758)
Unspent balance of biennial support budget	(67 863)			(67 863)
Unspent balances on expired programmes	(13 237)			(13 237)
Recoveries to the budget	(320 348)			(320 348)
Subtotal	**4 638 092**	**4 393 948**	**1 868 468**	**10 900 508**
Expenditure	**2 087 764**	**2 793 365**	**1 442 648**	**6 323 777**
Unspent balances of programmes as at 31 December 2009	2 550 328	1 600 583	425 820	4 576 731
Provision for uncollectible contributions receivable	4 985	(5 566)	(5 581)	(6 162)
Fund balance as at 31 December 2009	825 979	1 431 615	403 582	2 661 176
To be financed from future income	**1 729 334**	**163 402**	**16 657**	**1 909 393**

Statement VII

Statement of approved programmes and appropriations, expenditure and unspent balances for regular resources, other resources (regular) and other resources (emergency) for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
Africa					
Angola	38 740	118 956	157 696	103 580	54 116
Benin	22 011	39 428	61 439	32 711	28 728
Botswana	3 845	8 711	12 556	7 432	5 124
Burkina Faso	30 821	67 403	98 224	70 578	27 646
Burundi	15 172	82 561	97 733	41 757	55 976
Cameroon	21 115	16 036	37 151	25 970	11 181
Cape Verde	2 850	673	3 523	1 992	1 531
Central African Republic	13 939	37 426	51 365	40 658	10 707
Chad	21 474	71 567	93 041	71 157	21 884
Comoros	5 408	3 138	8 546	5 333	3 213
Congo	4 958	22 675	27 633	13 411	14 222
Côte d'Ivoire	12 362	85 629	97 991	61 518	36 473
Democratic Republic of the Congo	231 448	222 496	453 944	327 516	126 428
Equatorial Guinea	4 539	1 532	6 071	2 495	3 576
Eritrea	17 064	37 679	54 743	41 835	12 908
Ethiopia	136 868	232 978	369 846	264 547	105 299
Gabon	3 100	4 043	7 143	3 284	3 859
Gambia	5 669	5 594	11 263	6 540	4 723
Ghana	35 213	34 269	69 482	42 854	26 628
Guinea	20 083	24 867	44 950	27 965	16 985
Guinea-Bissau	11 885	14 256	26 141	15 985	10 156
Kenya	27 653	127 475	155 128	87 861	67 267
Lesotho	24 304	8 864	33 168	13 370	19 798
Liberia	46 329	32 149	78 478	49 783	28 695
Madagascar	48 831	55 620	104 451	63 208	41 243
Malawi	54 349	61 215	115 564	79 078	36 486
Mali	73 701	41 436	115 137	55 328	59 809
Mauritania	5 713	19 770	25 483	15 321	10 162
Mauritius	25		25		25
Mozambique	70 368	73 132	143 500	118 326	25 174
Namibia	8 158	9 596	17 754	11 225	6 529
Niger	31 046	133 451	164 497	81 514	82 983
Nigeria	77 546	264 842	342 388	181 647	160 741
Rwanda	47 371	28 468	75 839	38 713	37 126
Sao Tome and Principe	3 134	600	3 734	2 113	1 621
Senegal	20 386	18 806	39 192	24 345	14 847

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
Sierra Leone	32 184	56 616	88 800	49 292	39 508
Somalia	57 389	136 580	193 969	152 596	41 373
South Africa	20 521	20 673	41 194	24 632	16 562
Swaziland	10 319	11 979	22 298	17 379	4 919
Togo	20 251	15 609	35 860	19 789	16 071
Uganda	46 024	191 541	237 565	107 679	129 886
United Republic of Tanzania	51 155	51 764	102 919	63 342	39 577
Zambia	20 983	41 800	62 783	40 009	22 774
Zimbabwe	50 224	215 793	266 017	178 456	87 561
Regional	8 222	16 738	24 960	11 086	13 874
Area total	**1 514 750**	**2 766 434**	**4 281 184**	**2 695 210**	**1 585 974**
Americas and Caribbean					
Argentina	4 078	16 509	20 587	10 808	9 779
Barbados	266	(54)	212		212
Belize	2 907	2 049	4 956	2 370	2 586
Bolivia (Plurinational State of)	14 242	16 882	31 124	19 753	11 371
Brazil	12 327	30 776	43 103	33 430	9 673
Chile	1 302	2 933	4 235	3 026	1 209
Colombia	11 416	23 322	34 738	22 542	12 196
Costa Rica	3 411	1 681	5 092	2 238	2 854
Cuba	4 130	6 275	10 405	4 250	6 155
Dominican Republic	5 092	1 874	6 966	3 913	3 053
Ecuador	3 645	12 018	15 663	7 943	7 720
El Salvador	4 877	2 749	7 626	4 532	3 094
Guatemala	7 190	20 179	27 369	12 924	14 445
Guyana	4 184	3 959	8 143	5 139	3 004
Haiti	16 828	43 690	60 518	41 196	19 322
Honduras	6 820	11 870	18 690	11 700	6 990
Jamaica	5 404	4 667	10 071	5 833	4 238
Mexico	9 563	9 568	19 131	12 374	6 757
Nicaragua	11 153	13 047	24 200	13 586	10 614
Panama	2 045	2 224	4 269	2 812	1 457
Paraguay	3 593	2 199	5 792	3 352	2 440
Peru	7 775	8 053	15 828	12 550	3 278
Suriname	1 877	(1 877)			
Uruguay	1 520	2 727	4 247	3 425	822
Venezuela (Bolivarian Republic of)	3 132	6 557	9 689	5 337	4 352
Regional	19 294	13 044	32 338	20 469	11 869
Area total	**168 071**	**256 921**	**424 992**	**265 502**	**159 490**

	Approved programmes/appropriations unspent balances as at 1 January 2008	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2009
East Asia and Pacific					
Cambodia	43 977	24 547	68 524	42 795	25 729
China	49 243	67 236	116 479	78 102	38 377
Democratic People's Republic of Korea	10 294	24 730	35 024	24 882	10 142
Indonesia	193 059	60 531	253 590	197 043	56 547
Lao People's Democratic Republic	18 019	23 470	41 489	28 184	13 305
Malaysia	2 156	3 644	5 800	3 392	2 408
Mongolia	5 992	3 254	9 246	5 306	3 940
Myanmar	41 504	135 914	177 418	142 615	34 803
Pacific island countries	31 926	17 710	49 636	22 165	27 471
Papua New Guinea	14 254	8 626	22 880	11 475	11 405
Philippines	19 495	32 092	51 587	33 384	18 203
Thailand	9 550	15 438	24 988	17 752	7 236
Timor-Leste	13 377	15 250	28 627	15 444	13 183
Viet Nam	21 798	31 660	53 458	33 915	19 543
Regional	1 893	3 232	5 125	3 193	1 932
Area total	**476 537**	**467 334**	**943 871**	**659 647**	**284 224**
South Asia					
Afghanistan	46 844	346 502	393 346	175 048	218 298
Bangladesh	137 172	106 855	244 027	143 378	100 649
Bhutan	8 110	5 638	13 748	8 128	5 620
India	205 186	203 119	408 305	222 356	185 949
Maldives	8 808	154	8 962	7 053	1 909
Nepal	35 418	30 326	65 744	46 685	19 059
Pakistan	90 923	195 260	286 183	179 079	107 104
Sri Lanka	65 612	55 344	120 956	74 990	45 966
Regional	666	1 432	2 098	2 091	7
Area total	**598 739**	**944 630**	**1 543 369**	**858 808**	**684 561**
Middle East and North Africa					
Algeria	4 999	2 247	7 246	3 032	4 214
Djibouti	7 036	11 952	18 988	13 048	5 940
Egypt	18 937	10 770	29 707	19 952	9 755
Iran (Islamic Republic of)	6 880	3 477	10 357	5 959	4 398
Iraq	42 297	100 969	143 266	87 674	55 592
Jordan	9 132	17 012	26 144	14 151	11 993
Kuwait	30	(30)			
Lebanon	13 128	8 652	21 780	13 970	7 810
Morocco	9 121	5 533	14 654	9 073	5 581
Oman	1 129	2 139	3 268	2 292	976
Palestinian children and women	24 563	44 752	69 315	55 676	13 639
Sudan	70 285	353 879	424 164	334 691	89 473

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
Syrian Arab Republic	17 121	24 648	41 769	25 787	15 982
Tunisia	3 188	1 172	4 360	2 511	1 849
Yemen	26 422	22 088	48 510	30 718	17 792
Regional	7 744	3 639	11 383	3 579	7 804
Area total	**262 012**	**612 899**	**874 911**	**622 113**	**252 798**
Central and Eastern Europe and Commonwealth of Independent States					
Albania	5 669	9 611	15 280	10 864	4 416
Armenia	2 030	5 830	7 860	2 699	5 161
Azerbaijan	2 819	3 070	5 889	4 488	1 401
Belarus	2 275	1 413	3 688	1 845	1 843
Bulgaria	1 930	4 660	6 590	3 356	3 234
Bosnia and Herzegovina	3 395	16 142	19 537	8 042	11 495
Croatia	1 221	3 317	4 538	2 752	1 786
Georgia	4 229	17 953	22 182	13 855	8 327
Kazakhstan	4 143	7 469	11 612	3 842	7 770
Kosovo (Serbia)	2 296	7 589	9 885	7 424	2 461
Kyrgyzstan	3 855	3 993	7 848	5 767	2 081
Montenegro	1 590	2 795	4 385	2 533	1 852
Republic of Moldova	5 815	7 617	13 432	8 626	4 806
Romania	4 094	5 547	9 641	5 932	3 709
Russian Federation	10 664	12 898	23 562	18 945	4 617
Serbia	5 724	6 921	12 645	6 411	6 234
Tajikistan	5 528	27 623	33 151	16 851	16 300
The former Yugoslav Republic of Macedonia	3 333	8 195	11 528	4 294	7 234
Turkey	8 540	10 877	19 417	12 145	7 272
Turkmenistan	1 883	6 698	8 581	3 179	5 402
Ukraine	6 148	6 073	12 221	6 813	5 408
Uzbekistan	3 265	30 881	34 146	11 656	22 490
Regional	7 912	4 723	12 635	6 201	6 434
Area total	**98 358**	**211 895**	**310 253**	**168 520**	**141 733**
Global assistance					
Avian influenza	5 860	1 199	7 059	6 554	505
Emergency Programme Fund	54 066	113 832	167 898	34 085	133 813
Immunization	3 317	364	3 681	2 479	1 202
Inter-country programmes	298 982	436 476	735 458	428 862	306 596
Innocenti Research Centre	8 369	12 074	20 443	9 808	10 635

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
Special session on children	(3)	3			
Total global assistance	**370 591**	**563 948**	**934 539**	**481 788**	**452 751**
Total programme assistance	**3 489 058**	**5 824 061**	**9 313 119**	**5 751 588**	**3 561 531**
Support budget					
Programme support	21 600	1 208 824	1 230 424	574 449	655 975
Management and administration	10 000	594 263	604 263	285 238	319 025
Security		73 050	73 050	32 850	40 200
Recoveries to the budget		(320 348)	(320 348)	(320 348)	
Total support budget	**31 600**	**1 555 789**	**1 587 389**	**572 189**	**1 015 200**
Total	**3 520 658**	**7 379 850**	**10 900 508**	**6 323 777**	**4 576 731**

Statement VII.1
Statement of approved programmes and appropriations, expenditure and unspent balances for regular resources for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
Africa					
Angola	13 866	38 708	52 574	24 749	27 825
Benin	5 017	24 709	29 726	10 328	19 398
Botswana	1 349	4 358	5 707	1 881	3 826
Burkina Faso	19 042	32 181	51 223	33 544	17 679
Burundi	7 476	61 542	69 018	19 053	49 965
Cameroon	17 834	1 166	19 000	11 940	7 060
Cape Verde	2 320	57	2 377	1 467	910
Central African Republic	9 664	4 628	14 292	9 470	4 822
Chad	9 460	26 913	36 373	24 441	11 932
Comoros	3 723	561	4 284	1 647	2 637
Congo	1 917	7 936	9 853	4 073	5 780
Côte d’Ivoire	5 138	34 607	39 745	16 114	23 631
Democratic Republic of the Congo	191 068	6 263	197 331	113 245	84 086
Equatorial Guinea	3 599	296	3 895	1 460	2 435
Eritrea	7 759	1 171	8 930	5 327	3 603
Ethiopia	80 950	45 456	126 406	81 774	44 632
Gabon	2 587	(28)	2 559	1 422	1 137
Gambia	4 044	704	4 748	2 553	2 195
Ghana	9 952	17 514	27 466	17 596	9 870
Guinea	12 528	9 664	22 192	13 622	8 570
Guinea-Bissau	8 428	545	8 973	4 680	4 293
Kenya	10 521	49 186	59 707	26 875	32 832
Lesotho	5 159	715	5 874	2 485	3 389
Liberia	19 634	1 467	21 101	11 300	9 801
Madagascar	41 511	626	42 137	28 683	13 454
Malawi	30 307	1 423	31 730	18 535	13 195
Mali	60 323	1 685	62 008	25 884	36 124
Mauritania	2 073	5 008	7 081	4 669	2 412
Mauritius	25		25		25
Mozambique	12 941	19 368	32 309	31 981	328
Namibia	2 459	735	3 194	2 143	1 051
Niger	15 148	90 431	105 579	37 678	67 901
Nigeria	31 127	176 684	207 811	92 130	115 681
Rwanda	39 937	2 213	42 150	17 456	24 694
Sao Tome and Principe	2 755		2 755	1 427	1 328
Senegal	13 136	5 354	18 490	11 653	6 837
Sierra Leone	19 576	6 889	26 465	16 699	9 766
Somalia	17 243	3 521	20 764	18 662	2 102

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
South Africa	5 280	2 306	7 586	6 144	1 442
Swaziland	2 434	775	3 209	2 288	921
Togo	16 569	1 534	18 103	8 704	9 399
Uganda	19 387	131 495	150 882	43 517	107 365
United Republic of Tanzania	34 083	29 013	63 096	39 347	23 749
Zambia	13 507	13 661	27 168	17 767	9 401
Zimbabwe	9 415	7 781	17 196	9 170	8 026
Area total	**842 271**	**870 821**	**1 713 092**	**875 583**	**837 509**
Americas and Caribbean					
Argentina	806	3 999	4 805	1 417	3 388
Belize	2 484	455	2 939	1 305	1 634
Bolivia (Plurinational State of)	6 528	74	6 602	2 570	4 032
Brazil	3 893	996	4 889	2 848	2 041
Chile	645	829	1 474	1 224	250
Colombia	4 444	247	4 691	1 783	2 908
Costa Rica	3 148	(92)	3 056	1 340	1 716
Cuba	3 264	(94)	3 170	1 315	1 855
Dominican Republic	2 993	9	3 002	1 451	1 551
Ecuador	789	4 942	5 731	1 873	3 858
El Salvador	2 825	192	3 017	1 590	1 427
Guatemala	1 670	5 256	6 926	2 429	4 497
Guyana	2 394	933	3 327	2 329	998
Haiti	3 505	9 306	12 811	7 053	5 758
Honduras	3 656	110	3 766	1 534	2 232
Jamaica	2 672	384	3 056	1 656	1 400
Mexico	3 786	(12)	3 774	1 796	1 978
Nicaragua	4 508	383	4 891	2 023	2 868
Panama	1 686	385	2 071	1 165	906
Paraguay	3 169	270	3 439	1 722	1 717
Peru	2 667	609	3 276	1 798	1 478
Uruguay	730	816	1 546	1 283	263
Venezuela (Bolivarian Republic of)	630	3 769	4 399	2 377	2 022
Regional	12 957	480	13 437	6 321	7 116
Area total	**75 849**	**34 246**	**110 095**	**52 202**	**57 893**
East Asia and Pacific					
Cambodia	12 345	9 219	21 564	13 613	7 951
China	37 377	701	38 078	22 492	15 586
Democratic People s Republic of Korea	2 767	2 150	4 917	4 358	559
Indonesia	16 048	2 853	18 901	11 519	7 382
Lao People’s Democratic Republic	7 394	740	8 134	4 935	3 199
Malaysia	1 520	481	2 001	1 172	829

	Approved programmes/appropriations unspent balances as at 1 January 2008	*New programmes/ appropriations and cancellations*	*Total programmes/ appropriations*	*Total expenditure*	*Approved programmes/appropriations unspent balances as at 31 December 2009*
Mongolia	3 968	0	3 968	1 926	2 042
Myanmar	19 555	29 884	49 439	30 877	18 562
Pacific island countries	27 657	688	28 345	11 111	17 234
Papua New Guinea	7 251	132	7 383	2 830	4 553
Philippines	4 459	2 385	6 844	6 032	812
Thailand	4 281	480	4 761	1 959	2 802
Timor-Leste	699	5 143	5 842	2 239	3 603
Viet Nam	12 577		12 577	7 737	4 840
Area total	**157 898**	**54 856**	**212 754**	**122 800**	**89 954**
South Asia					
Afghanistan	27 084	206 894	233 978	75 234	158 744
Bangladesh	34 400	33 659	68 059	42 943	25 116
Bhutan	4 871	60	4 931	2 349	2 582
India	163 482	37	163 519	78 624	84 895
Maldives	2 221	118	2 339	1 221	1 118
Nepal	20 438	1 222	21 660	13 401	8 259
Pakistan	15 118	41 823	56 941	36 863	20 078
Sri Lanka	4 124	(42)	4 082	1 563	2 519
Area total	**271 738**	**283 771**	**555 509**	**252 198**	**303 311**
Middle East and North Africa					
Algeria	4 652	59	4 711	2 086	2 625
Djibouti	4 002	1 651	5 653	3 158	2 495
Egypt	10 815	1 206	12 021	6 412	5 609
Iran (Islamic Republic of)	2 182	1 348	3 530	3 145	385
Iraq	7 159	(22)	7 137	4 050	3 087
Jordan	3 382	70	3 452	1 366	2 086
Lebanon	692	4 449	5 141	1 360	3 781
Morocco	5 740	(213)	5 527	2 788	2 739
Oman	151		151	150	1
Palestinian children and women	7 951	695	8 646	8 610	36
Sudan	8 553	41 633	50 186	27 664	22 522
Syrian Arab Republic	4 176	(202)	3 974	1 543	2 431
Tunisia	2 847	99	2 946	1 582	1 364
Yemen	18 771	7 344	26 115	18 587	7 528
Regional	204	213	417	373	44
Area total	**81 277**	**58 330**	**139 607**	**82 874**	**56 733**
Central and Eastern Europe and Commonwealth of Independent States					
Albania	1 968	494	2 462	1 711	751

	Approved programmes/appropriations unspent balances as at 1 January 2008	New programmes/ appropriations and cancellations	Total programmes/ appropriations	Total expenditure	Approved programmes/appropriations unspent balances as at 31 December 2009
Armenia	1 206	4 866	6 072	1 410	4 662
Azerbaijan	1 480	842	2 322	1 956	366
Belarus	2 001	219	2 220	1 293	927
Bosnia and Herzegovina	891	4 550	5 441	1 498	3 943
Bulgaria	1 230	2 444	3 674	1 400	2 274
Croatia	128	752	880	692	188
Georgia	1 919	400	2 319	1 438	881
Kazakhstan	1 806	5 854	7 660	2 055	5 605
Kosovo (Serbia)	1 214	2 400	3 614	2 720	894
Kyrgyzstan	2 472	1 063	3 535	2 381	1 154
Montenegro	1 265	1 647	2 912	1 410	1 502
Republic of Moldova	3 024	(81)	2 943	1 494	1 449
Romania	1 463	2 389	3 852	1 427	2 425
Russian Federation	2 950		2 950	1 580	1 370
Serbia	1 870	598	2 468	1 596	872
Tajikistan	2 405	15 835	18 240	5 653	12 587
The former Yugoslav Republic of Macedonia	1 448	4 577	6 025	1 519	4 506
Turkey	3 536	574	4 110	2 835	1 275
Turkmenistan	1 663	5 341	7 004	1 736	5 268
Ukraine	3 112	250	3 362	1 991	1 371
Uzbekistan	2 648	23 922	26 570	6 434	20 136
Area and country assistance					
Regional	2 007	1 402	3 409	2 023	1 386
Area total	**43 706**	**80 338**	**124 044**	**48 252**	**75 792**
Global assistance					
Emergency Programme Fund	23 875	90 675	114 550	31 711	82 839
Immunization	737		737		737
Inter-country programmes	21 826	58 489	80 315	49 955	30 360
Total global assistance	**46 438**	**149 164**	**195 602**	**81 666**	**113 936**
Total programme assistance	**1 519 177**	**1 531 526**	**3 050 703**	**1 515 575**	**1 535 128**
Support Budget					
Programme support	21 600	1 208 824	1 230 424	574 449	655 975
Management and administration	10 000	594 263	604 263	285 238	319 025
Security	0	73 050	73 050	32 850	40 200
Recoveries to the budget	0	(320 348)	(320 348)	(320 348)	
Total support budget	**31 600**	**1 555 789**	**1 587 389**	**572 189**	**1 015 200**
Total	**1 550 777**	**3 087 315**	**4 638 092**	**2 087 764**	**2 550 328**

Statement VII.2
Statement of approved programmes, expenditure and unspent balances for other resources (regular) for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Approved programmes unspent balances as at 1 January 2008	*New programmes and cancellations*	*Total programmes*	*Total expenditure*	*Approved programmes unspent balances as at 31 December 2009*
Africa					
Angola	24 219	77 971	102 190	76 247	25 943
Benin	16 045	14 514	30 559	21 272	9 287
Botswana	2 496	4 353	6 849	5 551	1 298
Burkina Faso	8 744	23 640	32 384	25 302	7 082
Burundi	4 540	15 086	19 626	14 364	5 262
Cameroon	3 281	12 676	15 957	11 845	4 112
Cape Verde	530	456	986	492	494
Central African Republic	2 252	17 679	19 931	16 167	3 764
Chad	3 898	17 845	21 743	16 815	4 928
Comoros	1 660	2 181	3 841	3 266	575
Congo	1 439	13 558	14 997	8 079	6 918
Côte d’Ivoire	5 505	44 271	49 776	37 710	12 066
Democratic Republic of the Congo	22 680	94 908	117 588	87 391	30 197
Equatorial Guinea	940	1 236	2 176	1 035	1 141
Eritrea	4 764	18 407	23 171	16 689	6 482
Ethiopia	49 500	93 711	143 211	105 616	37 595
Gabon	513	4 071	4 584	1 862	2 722
Gambia	1 538	4 830	6 368	3 844	2 524
Ghana	24 603	16 555	41 158	24 424	16 734
Guinea	6 525	12 214	18 739	11 118	7 621
Guinea-Bissau	3 238	11 732	14 970	9 271	5 699
Kenya	14 488	48 750	63 238	42 020	21 218
Lesotho	17 516	6 666	24 182	7 871	16 311
Liberia	18 987	21 850	40 837	26 378	14 459
Madagascar	6 716	40 713	47 429	21 337	26 092
Malawi	23 797	56 216	80 013	56 811	23 202
Mali	12 301	23 972	36 273	23 284	12 989
Mauritania	2 726	10 846	13 572	7 629	5 943
Mozambique	57 202	47 980	105 182	80 356	24 826
Namibia	5 687	7 206	12 893	7 955	4 938
Niger	11 157	27 944	39 101	30 831	8 270
Nigeria	46 419	88 158	134 577	89 517	45 060
Rwanda	8 137	26 319	34 456	21 257	13 199
Sao Tome and Principe	373	600	973	687	286
Senegal	6 598	12 790	19 388	12 299	7 089
Sierra Leone	12 069	49 992	62 061	32 403	29 658
Somalia	29 924	44 781	74 705	54 473	20 232
South Africa	15 241	18 367	33 608	18 488	15 120
Swaziland	6 761	10 101	16 862	12 859	4 003

	Approved programmes unspent balances as at 1 January 2008	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2009
Togo	1 926	12 170	14 096	7 507	6 589
Uganda	17 642	24 807	42 449	28 191	14 258
United Republic of Tanzania	16 732	21 577	38 309	22 286	16 023
Zambia	7 609	23 188	30 797	17 659	13 138
Zimbabwe	34 346	95 838	130 184	89 736	40 448
Regional	2 068	11 828	13 896	6 503	7 393
Area total	**565 332**	**1 234 553**	**1 799 885**	**1 216 697**	**583 188**
Americas and Caribbean					
Argentina	3 286	12 496	15 782	9 391	6 391
Barbados	54	(54)			0
Belize	423	1 594	2 017	1 065	952
Bolivia (Plurinational State of)	7 487	12 869	20 356	13 023	7 333
Brazil	8 434	29 780	38 214	30 582	7 632
Chile	657	2 104	2 761	1 802	959
Colombia	6 144	20 018	26 162	17 008	9 154
Costa Rica	265	1 773	2 038	898	1 140
Cuba	860	4 153	5 013	1 265	3 748
Dominican Republic	1 603	1 172	2 775	1 442	1 333
Ecuador	2 856	6 916	9 772	5 910	3 862
El Salvador	2 331	2 088	4 419	2 832	1 587
Guatemala	5 085	13 903	18 988	8 978	10 010
Guyana	1 790	3 026	4 816	2 810	2 006
Haiti	10 641	24 813	35 454	22 540	12 914
Honduras	3 135	9 049	12 184	7 688	4 496
Jamaica	2 548	4 283	6 831	3 992	2 839
Mexico	4 129	8 167	12 296	7 544	4 752
Nicaragua	5 460	12 071	17 531	10 071	7 460
Panama	359	1 839	2 198	1 647	551
Paraguay	424	1 929	2 353	1 630	723
Peru	3 617	6 228	9 845	7 978	1 867
Suriname	1 877	(1 877)			0
Uruguay	790	1 911	2 701	2 142	559
Venezuela (Bolivarian Republic of)	2 500	2 788	5 288	2 962	2 326
Regional	5 790	10 873	16 663	13 106	3 557
Area total	**82 545**	**193 912**	**276 457**	**178 306**	**98 151**
East Asia and Pacific					
Cambodia	31 632	15 278	46 910	29 130	17 780
China	11 764	23 196	34 960	24 314	10 646
Democratic People's Republic of Korea	2 198	6 157	8 355	6 044	2 311
Indonesia	51 968	53 041	105 009	75 685	29 324
Lao People's Democratic Republic	10 625	18 913	29 538	20 706	8 832
Malaysia	309	3 163	3 472	1 879	1 593

	Approved programmes unspent balances as at 1 January 2008	*New programmes and cancellations*	*Total programmes*	*Total expenditure*	*Approved programmes unspent balances as at 31 December 2009*
Mongolia	2 010	3 268	5 278	3 380	1 898
Myanmar	18 725	23 256	41 981	30 650	11 331
Pacific island countries	3 846	15 955	19 801	10 016	9 785
Papua New Guinea	7 003	8 143	15 146	8 645	6 501
Philippines	14 660	17 171	31 831	18 944	12 887
Thailand	2 115	14 958	17 073	12 572	4 501
Timor-Leste	11 050	9 343	20 393	11 010	9 383
Viet Nam	9 178	31 703	40 881	26 178	14 703
Regional	619	1 918	2 537	1 543	994
Area total	**177 702**	**245 463**	**423 165**	**280 696**	**142 469**
South Asia					
Afghanistan	17 382	91 413	108 795	77 168	31 627
Bangladesh	91 886	69 298	161 184	85 947	75 237
Bhutan	3 239	5 194	8 433	5 494	2 939
India	39 787	196 875	236 662	136 828	99 834
Maldives	902	892	1 794	746	1 048
Nepal	10 682	23 347	34 029	24 363	9 666
Pakistan	38 607	74 979	113 586	64 883	48 703
Sri Lanka	9 567	26 526	36 093	14 501	21 592
Regional		1 440	1 440	1 408	32
Area total	**212 052**	**489 964**	**702 016**	**411 338**	**290 678**
Middle East and North Africa					
Algeria	237	1 685	1 922	589	1 333
Djibouti	2 655	5 472	8 127	6 039	2 088
Egypt	8 102	9 169	17 271	13 308	3 963
Iran (Islamic Republic of)	4 876	2 138	7 014	2 591	4 423
Iraq	37 092	41 498	78 590	39 742	38 848
Jordan	2 007	2 249	4 256	2 435	1 821
Lebanon	2 070	3 532	5 602	2 109	3 493
Morocco	3 380	5 748	9 128	6 285	2 843
Oman	978	2 139	3 117	2 142	975
Palestinian children and women	4 163	12 267	16 430	10 345	6 085
Sudan	31 134	132 168	163 302	117 098	46 204
Syrian Arab Republic	1 226	405	1 631	919	712
Tunisia	341	1 073	1 414	929	485
Yemen	7 562	6 106	13 668	6 037	7 631
Regional	1 844	2 633	4 477	2 651	1 826
Area total	**107 667**	**228 282**	**335 949**	**213 219**	**122 730**

	Approved programmes unspent balances as at 1 January 2008	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2009
Central and Eastern Europe and Commonwealth of Independent States					
Albania	3 649	9 117	12 766	9 153	3 613
Armenia	824	964	1 788	1 289	499
Azerbaijan	1 339	2 228	3 567	2 532	1 035
Belarus	274	1 194	1 468	552	916
Bosnia and Herzegovina	1 914	11 652	13 566	6 544	7 022
Bulgaria	700	2 216	2 916	1 956	960
Croatia	874	2 565	3 439	2 060	1 379
Georgia	2 280	10 767	13 047	6 918	6 129
Kazakhstan	2 337	1 307	3 644	1 479	2 165
Kosovo (Serbia)	2 501	5 357	7 858	4 695	3 163
Kyrgyzstan	1 383	2 691	4 074	3 148	926
Montenegro	325	1 148	1 473	1 123	350
Republic of Moldova	2 791	7 698	10 489	7 132	3 357
Romania	2 625	1 928	4 553	3 421	1 132
Russian Federation	8 773	12 374	21 147	15 208	5 939
Serbia	2 973	6 355	9 328	4 815	4 513
Tajikistan	3 068	7 842	10 910	7 631	3 279
The former Yugoslav Republic of Macedonia	1 857	3 643	5 500	2 775	2 725
Turkey	5 056	10 303	15 359	9 310	6 049
Turkmenistan	220	1 357	1 577	1 443	134
Ukraine	3 035	5 824	8 859	4 822	4 037
Uzbekistan	617	6 585	7 202	4 849	2 353
Regional	2 938	3 454	6 392	4 178	2 214
Area total	**52 353**	**118 569**	**170 922**	**107 033**	**63 889**
Global assistance					
Avian influenza	5 860	1 199	7 059	6 554	505
Emergency Programme Fund	8 670	(253)	8 417	751	7 666
Immunization	2 580	364	2 944	2 479	465
Inter-country programmes	280 411	366 280	646 691	366 484	280 207
Innocenti Research Centre	8 369	12 074	20 443	9 808	10 635
Special session on children	-3	3			0
Total global assistance	**305 887**	**379 667**	**685 554**	**386 076**	**299 478**
Total programme assistance	**1 503 538**	**2 890 410**	**4 393 948**	**2 793 365**	**1 600 583**

Statement VII.3
Statement of approved programmes, expenditure and unspent balances for other resources (emergency) for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Approved programmes unspent balances as at 1 January 2008	*New programmes and cancellations*	*Total programmes*	*Total expenditure*	*Approved programmes unspent balances as at 31 December 2009*
Africa					
Angola	655	2 277	2 932	2 584	348
Benin	949	205	1 154	1 111	43
Burkina Faso	3 035	11 582	14 617	11 732	2 885
Burundi	3 156	5 933	9 089	8 340	749
Cameroon		2 194	2 194	2 185	9
Cape Verde		160	160	33	127
Central African Republic	2 023	15 119	17 142	15 021	2 121
Chad	8 116	26 809	34 925	29 901	5 024
Comoros	25	396	421	420	1
Congo	1 602	1 181	2 783	1 259	1 524
Côte d'Ivoire	1 719	6 751	8 470	7 694	776
Democratic Republic of the Congo	17 700	121 325	139 025	126 880	12 145
Eritrea	4 541	18 101	22 642	19 819	2 823
Ethiopia	6 418	93 811	100 229	77 157	23 072
Gambia	87	60	147	143	4
Ghana	658	200	858	834	24
Guinea	1 149	2 989	4 138	3 225	913
Guinea-Bissau	100	1 979	2 079	2 034	45
Kenya	2 644	29 539	32 183	18 966	13 217
Lesotho	1 629	1 483	3 112	3 014	98
Liberia	7 708	8 832	16 540	12 105	4 435
Madagascar	604	14 281	14 885	13 188	1 697
Malawi	245	3 576	3 821	3 732	89
Mali	1 077	15 779	16 856	6 160	10 696
Mauritania	914	3 916	4 830	3 023	1 807
Mozambique	225	5 784	6 009	5 989	20
Namibia	12	1 655	1 667	1 127	540
Niger	4 741	15 076	19 817	13 005	6 812
Rwanda	(703)	(64)	(767)		(767)
Sao Tome and Principe	6		6	(1)	7
Senegal	652	662	1 314	393	921
Sierra Leone	539	(265)	274	190	84
Somalia	10 222	88 278	98 500	79 461	19 039
Swaziland	1 124	1 103	2 227	2 232	(5)
Togo	1 756	1 905	3 661	3 578	83
Uganda	8 995	35 239	44 234	35 971	8 263
United Republic of Tanzania	340	1 174	1 514	1 709	(195)
Zambia	(133)	4 951	4 818	4 583	235

	Approved programmes unspent balances as at 1 January 2008	*New programmes and cancellations*	*Total programmes*	*Total expenditure*	*Approved programmes unspent balances as at 31 December 2009*
Zimbabwe	6 463	112 174	118 637	79 550	39 087
Regional	6 154	4 910	11 064	4 583	6 481
Area total	**107 147**	**661 060**	**768 207**	**602 930**	**165 277**
Americas and Caribbean					
Argentina	(14)	14			
Barbados	212		212		212
Bolivia (Plurinational State of)	227	3 939	4 166	4 160	6
Colombia	828	3 057	3 885	3 751	134
Costa Rica	(2)		(2)		(2)
Cuba	6	2 216	2 222	1 670	552
Dominican Republic	496	693	1 189	1 020	169
Ecuador		160	160	160	
El Salvador	(279)	469	190	110	80
Guatemala	435	1 020	1 455	1 517	(62)
Haiti	2 682	9 571	12 253	11 603	650
Honduras	29	2 711	2 740	2 478	262
Jamaica	184		184	185	(1)
Mexico	1 648	1 413	3 061	3 034	27
Nicaragua	1 185	593	1 778	1 492	286
Peru	1 491	1 216	2 707	2 774	(67)
Venezuela (Bolivarian Republic of)	2		2	(2)	4
Regional	547	1 691	2 238	1 042	1 196
Area total	**9 677**	**28 763**	**38 440**	**34 994**	**3 446**
East Asia and Pacific					
Cambodia		50	50	52	(2)
China	102	43 339	43 441	31 296	12 145
Democratic People’s Republic of Korea	5 329	16 423	21 752	14 480	7 272
Indonesia	125 043	4 637	129 680	109 839	19 841
Lao People’s Democratic Republic		3 817	3 817	2 543	1 274
Malaysia	327		327	341	(14)
Mongolia	14	(14)			
Myanmar	3 224	82 774	85 998	81 088	4 910
Pacific island countries	423	1 067	1 490	1 038	452
Papua New Guinea		351	351		351
Philippines	376	12 536	12 912	8 408	4 504
Thailand	3 154		3 154	3 221	(67)
Timor-Leste	1 628	764	2 392	2 195	197
Viet Nam	43	(43)			
Regional	1 274	1 314	2 588	1 650	938
Area total	**140 937**	**167 015**	**307 952**	**256 151**	**51 801**

	Approved programmes unspent balances as at 1 January 2008	*New programmes and cancellations*	*Total programmes*	*Total expenditure*	*Approved programmes unspent balances as at 31 December 2009*
South Asia					
Afghanistan	2 378	48 195	50 573	22 646	27 927
Bangladesh	10 886	3 898	14 784	14 488	296
Bhutan		384	384	285	99
India	1 917	6 207	8 124	6 904	1 220
Maldives	5 685	(856)	4 829	5 086	(257)
Nepal	4 298	5 757	10 055	8 921	1 134
Pakistan	37 198	78 458	115 656	77 333	38 323
Sri Lanka	51 921	28 860	80 781	58 926	21 855
Regional	666	(8)	658	683	(25)
Area total	**114 949**	**170 895**	**285 844**	**195 272**	**90 572**
Middle East and North Africa					
Algeria	110	503	613	357	256
Djibouti	379	4 829	5 208	3 851	1 357
Egypt	20	395	415	232	183
Iran (Islamic Republic of)	(178)	(9)	(187)	223	(410)
Iraq	(1 954)	59 493	57 539	43 882	13 657
Jordan	3 743	14 693	18 436	10 350	8 086
Kuwait	30	(30)			
Lebanon	10 366	671	11 037	10 501	536
Morocco	1	(2)	(1)		(1)
Palestinian children and women	12 449	31 790	44 239	36 721	7 518
Sudan	30 598	180 078	210 676	189 929	20 747
Syrian Arab Republic	11 719	24 445	36 164	23 325	12 839
Yemen	89	8 638	8 727	6 094	2 633
Regional	5 696	793	6 489	555	5 934
Area total	**73 068**	**326 287**	**399 355**	**326 020**	**73 335**
Central and Eastern Europe and Commonwealth of Independent States					
Albania	52		52		52
Bosnia and Herzegovina	590	(60)	530		530
Croatia	219		219		219
Georgia	30	6 786	6 816	5 499	1 317
Kazakhstan		308	308	308	
Kosovo (Serbia)	(1 419)	(168)	(1 587)	9	(1 596)
Kyrgyzstan		239	239	238	1
Romania	6	1 230	1 236	1 084	152
Russian Federation	(1 059)	524	(535)	2 157	(2 692)
Serbia	881	(32)	849		849
Tajikistan	55	3 946	4 001	3 567	434

	Approved programmes unspent balances as at 1 January 2008	New programmes and cancellations	Total programmes	Total expenditure	Approved programmes unspent balances as at 31 December 2009
The former Yugoslav Republic of Macedonia	28	(25)	3		3
Turkey	(52)		(52)		(52)
Ukraine	1	(1)			
Uzbekistan		374	374	373	1
Regional	2 967	(133)	2 834		2 834
Area total	**2 299**	**12 988**	**15 287**	**13 235**	**2 052**
Global assistance					
Emergency programme fund	21 521	23 410	44 931	1 623	43 308
Inter-country programmes	(3 255)	11 707	8 452	12 423	(3 971)
Total global assistance	**18 266**	**35 117**	**53 383**	**14 046**	**39 337**
Total programme assistance	**466 343**	**1 402 125**	**1 868 468**	**1 442 648**	**425 820**

B. Schedules to the financial statements

Schedule 1
Contributions received or pledged for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Regular resources				*Other resources (regular)*			*Other resources (emergency)*			
Donor	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Transfer to biennial support budget*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-govern-mental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-govern-mental sources*	*Subtotal*	*Total*
Countries											
Algeria	48			48		22	22				70
Andorra	128			128	590	851	1 441	94	163	257	1 826
Angola					1 740	350	2 090				2 090
Argentina	10			10		12 206	12 206				12 216
Armenia	9			9		72	72				81
Australia	38 375			38 375	76 875	9 615	86 490	35 103	1 211	36 314	161 179
Austria	4 094			4 094	1 808	3 230	5 038	289	26	315	9 447
Azerbaijan	30			30		90	90				120
Bahamas	1			1			0				1
Bahrain	5			5							5
Bangladesh	69			69	7 019		7 019				7 088
Barbados	8			8							8
Belarus						16	16				16
Belgium	32 378			32 378	4 517	15 107	19 624	12 866	2 107	14 973	66 975
Belize					188		188				188
Benin						10	10				10
Bhutan	15			15							15
Bolivia (Plurinational State of)	236			236	228	60	288		320	320	844
Bosnia and Herzegovina						78	78				78
Botswana							0	151		151	151
Brazil					5 635	13 129	18 764				18 764
Bulgaria	7			7		1 681	1 681				1 688
Burkina Faso	9			9				531		531	540
Cameroon	2			2		153	153				155
Canada	33 822			33 822	176 719	8 076	184 795	44 802	4 630	49 432	268 049
Chile	147		(7)	140	117	978	1 095		2	2	1 237
China	2 506		(70)	2 436		4 125	4 125		4 140	4 140	10 701
Colombia	400			400		5 473	5 473				5 873
Congo					16		16				16
Costa Rica	32		(32)	0		63	63				63
Côte d’Ivoire					10 200		10 200				10 200
Croatia	69			69		2 593	2 593		510	510	3 172
Cuba	20			20							20

Donor	Regular resources: Governments and inter-governmental agencies	Regular resources: Non-governmental sources	Regular resources: Transfer to biennial support budget	Regular resources: Subtotal	Other resources (regular): Governments and inter-governmental agencies	Other resources (regular): Non-governmental sources	Other resources (regular): Subtotal	Other resources (emergency): Governments and inter-governmental agencies	Other resources (emergency): Non-governmental sources	Other resources (emergency): Subtotal	Total
Cyprus	28			28							28
Czech Republic	360			360	142	1 852	1 994	526	104	630	2 984
Democratic People's Republic of Korea	159		(159)								
Democratic Republic of the Congo					2 433		2 433				2 433
Denmark	68 490			68 490	31 405	12 042	43 447	43 020	2 531	45 551	157 488
Ecuador	22			22		1 629	1 629				1 651
Egypt	147			147	1 443	391	1 834				1 981
El Salvador	1			1							1
Estonia	122			122	169	20	189	396		396	707
Ethiopia	100			100							100
Finland	44 564			44 564	5 125	7 723	12 848	11 701	1 566	13 267	70 679
France	31 276			31 276	2 109	30 322	32 431	2 436	12 699	15 135	78 842
Gabon					316	100	416				416
Germany	17 400			17 400	15 925	51 279	67 204	985	33 531	34 516	119 120
Greece	600			600	225	2 886	3 111	328		328	4 039
Guinea						10	10				10
Guyana	11			11							11
Haiti	20			20					1	1	21
Honduras	60			60							60
Hong Kong						7 866	7 866		21 988	21 988	29 854
Hungary	284			284		643	643				927
Iceland	822			822	1 050	1 704	2 754	200	41	241	3 817
India	886			886	3 448	3 901	7 349		47	47	8 282
Indonesia	200			200		4 445	4 445		56	56	4 701
Iran, Islamic Republic of	55			55		323	323		12	12	390
Ireland	35 876			35 876	6 303	2 026	8 329	7 899	982	8 881	53 086
Israel	240			240		65	65				305
Italy	21 652			21 652	18 505	43 829	62 334	29 155	11 735	40 890	124 876
Japan	31 148			31 148	166 939	20 674	187 613	119 637	24 083	143 720	362 481
Kazakhstan	100			100							100
Kenya						208	208		26	26	234
Kuwait	400			400							400
Lebanon	5			5		1 250	1 250				1 255
Lesotho	3			3							3
Liechtenstein	69			69	263		263	88		88	420
Lithuania						57	57	31		31	88
Luxembourg	7 411			7 411	11 620	1 033	12 653	1 386	51	1 437	21 501
Madagascar					4 875		4 875	1 481		1 481	6 356
Malawi	6			6							6

Donor	Regular resources				Other resources (regular)			Other resources (emergency)			Total
	Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Governments and inter-governmental agencies	Non-govern-mental sources	Subtotal	Governments and inter-governmental agencies	Non-govern-mental sources	Subtotal	
Malaysia	168			168	1 000	1 896	2 896		315	315	3 379
Mali	46			46							46
Malta	7			7							7
Mauritania	11			11							11
Mauritius	9			9							9
Mexico	214			214		6 687	6 687		804	804	7 705
Monaco	22			22	220		220	81		81	323
Mongolia	22			22	477		477				499
Morocco	162			162	419	67	486				648
Myanmar	1		(1)								0
Namibia	3			3		192	192				195
Nepal					246		246				246
Netherlands	99 781			99 781	219 933	30 837	250 770	67 309	10 759	78 068	428 619
New Zealand	6 872			6 872	2 249	2 286	4 535	2 591	484	3 075	14 482
Nicaragua	11			11		4	4				15
Nigeria					455	319	774				774
Norway	143 474			143 474	216 080	24 728	240 808	36 416	673	37 089	421 371
Oman					1 997	92	2 089		9	9	2 098
Pakistan	158		(79)	79		47	47				126
Panama	54			54	450	206	656				710
Peru						1 236	1 236		30	30	1 266
Philippines	110		(43)	67		3 605	3 605				3 672
Poland	400			400		4 360	4 360	220	6	226	4 986
Portugal	600			600	40	4 790	4 830				5 430
Qatar	100			100							100
Republic of Korea	5 800			5 800	430	8 842	9 272	11 161	2 600	13 761	28 833
Republic of Moldova	8			8	663		663				671
Romania	89			89		1 514	1 514		1 236	1 236	2 839
Russian Federation	2 000			2 000		2 653	2 653				4 653
Samoa	2			2							2
San Marino						91	91	77		77	168
Saudi Arabia	2 000			2 000	1 000	432	1 432		1 018	1 018	4 450
Senegal					116		116				116
Serbia	10			10		877	877				887
Singapore	100			100				30		30	130
Slovakia	26			26	42	391	433				459
Slovenia	118			118	54	1 183	1 237	101	497	598	1 953
South Africa	45			45		1 244	1 244				1 289
Spain	54 381			54 381	129 844	26 908	156 752	31 010	7 834	38 844	249 977
Sri Lanka	31			31							31
Sudan					13 471		13 471				13 471
Sweden	144 289			144 289	128 034	71 784	199 818	68 461	6 238	74 699	418 806
Switzerland	34 703			34 703	7 310	31 385	38 695	2 069	827	2 896	76 294

Donor	*Regular resources*				*Other resources (regular)*			*Other resources (emergency)*			
	Governments and inter-governmental agencies	*Non-governmental sources*	*Transfer to biennial support budget*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Subtotal*	*Total*
Tajikistan					931		931				931
Thailand	470		(120)	350		10 700	10 700		91	91	11 141
The former Yugoslav Republic of Macedonia	3			3							3
Togo	2			2							2
Trinidad and Tobago	30			30							30
Tunisia	74		(12)	62		228	228		2	2	292
Turkey	450			450		2 193	2 193	660	84	744	3 387
Uganda						7	7		2	2	9
Ukraine						22	22				22
United Arab Emirates	200			200	18 717	967	19 684	3 000	440	3 440	23 324
United Kingdom of Great Britain and Northern Ireland	72 331			72 331	233 026	61 152	294 178	89 490	14 566	104 056	470 565
United States of America	257 955		(35 572)	222 383	193 856	74 138	267 994	149 058	22 482	171 540	661 917
Uruguay	41			41		1 154	1 154				1 195
Uzbekistan					300		300				300
Venezuela (Bolivarian Republic of)	50			50		1 163	1 163				1 213
Viet Nam	14			14		4	4				18
Yemen	10			10							10
Zambia						192	192				192
Subtotal countries	**1 202 394**		**(36 095)**	**1 166 299**	**1 729 307**	**654 832**	**2 384 139**	**774 839**	**193 559**	**968 398**	**4 518 836**
Income adjustments to prior periods	1 125	1 482		2 607	126	(828)	(702)	(714)	(704)	(1 418)	487
Refund of contributions					(5 934)	(147)	(6 081)	(7 975)		(7 975)	(14 056)
Total countries	**1 203 519**	**1 482**	**(36 095)**	**1 168 906**	**1 723 499**	**653 857**	**2 377 356**	**766 150**	**192 855**	**959 005**	**4 505 267**
Intergovernmental agencies											
African Development Bank					2 534		2 534	500		500	3 034

Donor	Regular resources: Governments and inter-governmental agencies	Regular resources: Non-governmental sources	Regular resources: Transfer to biennial support budget	Regular resources: Subtotal	Other resources (regular): Governments and inter-governmental agencies	Other resources (regular): Non-governmental sources	Other resources (regular): Subtotal	Other resources (emergency): Governments and inter-governmental agencies	Other resources (emergency): Non-governmental sources	Other resources (emergency): Subtotal	Total
Arab Gulf Programme for United Nations Development Organizations					105		105				105
Asian Development Bank					70		70				70
Council of Europe Development Bank					607		607				607
European Commission					174 635		174 635	122 192		122 192	296 827
OPEC Fund					1 953		1 953				1 953
Secretariat of Pacific Community					248		248				248
Subtotal intergovernmental agencies					**180 152**		**180 152**	**122 692**		**122 692**	**302 844**
Income adjustments to prior periods	6 460			6 460	(2 195)		(2 195)	(4 266)		(4 266)	
Refund of contributions					(31)		(31)	(1 036)		(1 036)	(1 067)
Total intergovernmental agencies	**6 460**			**6 460**	**177 926**		**177 926**	**117 390**		**117 390**	**301 776**
Total Governments and intergovernmental agencies	**1 209 979**	**1 482**	**(36 095)**	**1 175 366**	**1 901 425**	**653 857**	**2 555 282**	**883 540**	**192 855**	**1 076 395**	**4 807 043**
Non-governmental organizations											
Algeria		1		1							1
Canada						25 312	25 312				25 312
Cayman Islands		2		2							2
Ethiopia		10		10							10
Fiji		1		1							1
Global Alliance for Vaccines and Immunization						17 550	17 550				17 550

Donor	Regular resources: Governments and inter-governmental agencies	Regular resources: Non-governmental sources	Regular resources: Transfer to biennial support budget	Regular resources: Subtotal	Other resources (regular): Governments and inter-governmental agencies	Other resources (regular): Non-governmental sources	Other resources (regular): Subtotal	Other resources (emergency): Governments and inter-governmental agencies	Other resources (emergency): Non-governmental sources	Other resources (emergency): Subtotal	Total
Germany						6	6				6
Jamaica		2		2							2
Japan		1 097		1 097		1 623	1 623				2 720
Kenya									98	98	98
Netherlands						649	649				649
Romania		6		6							6
Rotary International						89 608	89 608				89 608
Singapore									36	36	36
Somalia		4		4		552	552				556
South Africa		9		9							9
Switzerland		10		10		13 944	13 944				13 954
Thailand		53		53							53
The Alexander Bodini Foundation						25	25				25
Tunisia		1		1							1
United Nations staff-Emergencies									1	1	1
United Arab Emirates		2		2					532	532	534
United States of America		31		31		161 150	161 150		16	16	161 197
University of Nôtre Dame						2 669	2 669				2 669
Subtotal non-governmental organizations		**1 229**		**1 229**		**313 088**	**313 088**		**683**	**683**	**315 000**
Income adjustments to prior periods		586		586		(344)	(344)		(213)	(213)	29
Refund of contributions		(5)		(5)		(1 137)	(1 137)		(17)	(17)	(1 159)
Total non-governmental organizations		**1 810**		**1 810**		**311 607**	**311 607**		**453**	**453**	**313 870**
Total Governments, intergovernmental and non-governmental agencies	**1 209 979**	**3 292**	**(36 095)**	**177 176**	**1 901 425**	**965 464**	**2 866 889**	**883 540**	**193 308**	**1 076 848**	**5 120 913**

	Regular resources				Other resources (regular)			Other resources (emergency)			
Donor	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Transfer to biennial support budget*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-govern-mental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-govern-mental sources*	*Subtotal*	*Total*
Inter-organizational arrangements											
Food and Agriculture Organization						353	353				353
Joint United Nations Programme on HIV/AIDS						24 321	24 321		38	38	24 359
Department of Peacekeeping Operations						529	529				529
United Nations Office at Geneva						118	118				118
United Nations Trust Fund for Human Security						3 103	3 103				3 103
Secretariat						173	173				173
United Nations Development Group						21 916	21 916				21 916
United Nations Development Programme						110 073	110 073		103 382	103 382	213 455
United Nations Educational, Scientific and Cultural Organization						3 324	3 324				3 324
United Nations Population Fund						10 615	10 615				10 615
United Nations High Commissioner for Refugees									114	114	114
United Nations Development Fund for Women						100	100				100
United Nations Office for Coordination of Humanitarian Affairs									218 548	218 548	218 548
United Nations Human Settlements Programme						63	63		140	140	203

Donor	Regular resources: Governments and inter-governmental agencies	Non-governmental sources	Transfer to biennial support budget	Subtotal	Other resources (regular): Governments and inter-governmental agencies	Non-govern-mental sources	Subtotal	Other resources (emergency): Governments and inter-governmental agencies	Non-govern-mental sources	Subtotal	Total
United Nations Environmental Programme						310	310				310
United Nations Office for Project Services						27	27				27
United Nations joint programmes						19 756	19 756		3 064	3 064	22 820
World Health Organization						20 680	20 680		140	140	20 820
World Bank						15 935	15 935		5 909	5 909	21 844
World Food Programme						255	255				255
Subtotal inter-organizational arrangements						**231 651**	**231 651**		**331 335**	**331 335**	**562 986**
Income adjustments to prior periods		243		243		(150)	(150)		(154)	(154)	(61)
Refund of contributions						(790)	(790)		(10 003)	(10 003)	(10 793)
Total inter-organizational arrangements		**243**		**243**		**230 711**	**230 711**		**321 178**	**321 178**	**552 132**
Total	**1 209 979**	**3 535**	**(36 095)**	**1 177 419**	**1 901 425**	**1 196 175**	**3 097 600**	**883 540**	**514 486**	**1 398 026**	**5 673 045**

Summary	Regular resources	Other resources (regular)	Other resources (emergency)	Total
Governments	1 167 424	1 723 499	766 150	3 657 073
Intergovernmental agencies	6 460	177 926	117 390	301 776
National committees	1 482	653 857	192 855	848 194
Non-governmental organizations	1 810	311 607	453	313 870
Inter-organizational arrangements	243	230 711	321 178	552 132
Total	**1 177 419**	**3 097 600**	**1 398 026**	**5 673 045**
Contributions in cash				5 652 097
Contributions in kind				20 948
Total contributions				**5 673 045**

Schedule 2
Contributions receivable for regular resources, other resources (regular) and other resources (emergency) as at 31 December 2009

(Thousands of United States dollars)

	Regular resources			*Other resources (regular)*			*Other resources (emergency)*			
Donor	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Subtotal*	*Total*
Governments										
Australia				3 913		3 913				3 913
Austria				4		4	289		289	293
Belgium				1 198		1 198	4 098		4 098	5 296
Bhutan	15		15							15
Canada				16 380		16 380				16 380
Democratic People's Republic of Korea	159		159							159
Denmark				7 399		7 399	874		874	8 272
France				216		216				216
Gabon				110		110				110
Italy				5 217		5 217				5 217
Japan				4 397		4 397				4 397
Lesotho	2		2							2
Mauritania	11		11							11
Mexico	214		214							214
Mongolia				294		294				294
Morocco	16		16							16
Nepal				209		209				209
Netherlands				5 303		5 303				5 303
New Zealand				20		20				20
Samoa	1		1							1
Sweden				5 579		5 579				5 579
Switzerland				100		100	255		255	355
United States of America				61 242		61 242	72 975		72 975	134 217
United Kingdom				232		232	4 581		4 581	4 813
Viet Nam	14		14							14
Subtotal Governments	**431**		**431**	**111 812**		**111 812**	**83 071**		**83 071**	**195 314**

Donor	Regular resources: Governments and inter-governmental agencies	Regular resources: Non-governmental sources	Regular resources: Subtotal	Other resources (regular): Governments and inter-governmental agencies	Other resources (regular): Non-governmental sources	Other resources (regular): Subtotal	Other resources (emergency): Governments and inter-governmental agencies	Other resources (emergency): Non-governmental sources	Other resources (emergency): Subtotal	Total
Intergovernmental agencies										
European Commission				72 813		72 813	3 025		3 025	75 838
European Commission humanitarian aid office				1 732		1 732	19 190		19 190	20 921
Subtotal intergovernmental agencies				**74 545**		**74 545**	**22 215**		**22 215**	**96 760**
Non-governmental organizations										
Micronutrient Initiative					72	72				72
Rotary International					22 071	22 071				22 071
Subtotal non-governmental organizations					**22 143**	**22 143**				**22 143**
Inter-organizational arrangements										
United Nations Office for Coordination of Humanitarian Affairs								306	306	306
World Bank					15 000	15 000				15 000
Subtotal inter-organizational arrangements					**15 000**	**15 000**		**306**	**306**	**15 306**
Miscellaneous adjustments	157	43	200							200
Subtotal miscellaneous adjustments	**157**	**43**	**200**							**200**
Total	**588**	**43**	**631**	**186 357**	**37 143**	**223 500**	**105 286**	**306**	**105 592**	**329 723**

Donor	*Regular resources*			*Other resources (regular)*			*Other resources (emergency)*			Total
	Governments and inter-governmental agencies	*Non-governmental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-governmental sources*	*Subtotal*	*Governments and inter-governmental agencies*	*Non-govern-mental sources*	*Subtotal*	*Total*
Summary										
Governments			431			111 812			83 071	195 314
Intergovernmental agencies						74 545			22 215	96 760
Non-governmental organizations						22 143				22 143
Inter-organizational arrangements						15 000			306	15 306
Miscellaneous adjustments			200							200
Total			**631**			**223 500**			**105 592**	**329 723**

Schedule 3
Receipts, disbursements and changes in trust fund balances for the biennium ended 31 December 2009

(Thousands of United States dollars)

	Balances as at 1 January 2008	*Funds received and adjustments*	*Funds disbursed*	*Balances as at 31 December 2009*
Government and others				
Procurement services	236 897	1 004 536	911 861	329 572
Procurement services on behalf of the Global Alliance for Vaccines and Immunization	(6 227)	698 445	698 115	(5 897)
Junior Professional Officers	16 740	26 450	24 675	18 515
Other trust funds	43 490	69 510	86 298	26 701
Subtotal	**290 900**	**1 798 941**	**1 720 949**	**368 891**
United Nations System				
Joint United Nations Programme on HIV/AIDS	19	(19)		
Special Representative of the Secretary-General on Violence against Children		1 203	158	1 045
United Nations High Commissioner for Refugees	1	438	385	54
United Nations Development Programme	3 655	79 223	64 318	18 560
United Nations Office for Project Services		431	334	97
United Nations Population Fund	429	716	1 093	52
World Food Programme	16	1 040	945	111
World Health Organization	6 652	50 082	8 331	48 403
Others	231	(7)	224	
Common services activities with other organizations in the United Nations system	354	2 294	2 288	360
Joint programmes with other organizations in the United Nations system	2 371	51 458	53 160	669
Subtotal	**13 728**	**186 859**	**131 236**	**69 351**
Net balance	**304 628**	**1 985 800**	**1 852 185**	**438 242**
Receivables	**9 942**			**9 480**
Gross balance	**314 570**			**447 722**

C. Notes to the financial statements

Note 1
Statement of the objectives and activities of the United Nations Children's Fund

1. UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential. The organization mobilizes political will and material resources to help countries, particularly developing countries, ensure a "first call for children" and build their capacity to form appropriate policies and deliver services for children and their families.

Note 2
Summary of significant accounting policies

United Nations Children's Fund

Accounting convention

2. The financial statements are prepared in accordance with the Financial Regulations and Rules of UNICEF and the United Nations system accounting standards.

3. With the goal of achieving harmonization in the presentation of the accounts by agencies in the United Nations system, the financial statements are presented in line with the formats agreed upon by the United Nations System Chief Executives Board for Coordination.

Financial period

4. In accordance with the UNICEF Financial Regulations and Rules, the accounts are maintained on a biennial basis.

Unit of account

5. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rate of exchange.

Translation of currencies

6. Assets and liabilities in currencies other than United States dollars are revalued for accounting purposes at the prevailing United Nations operational rates of exchange. Any variance due to fluctuation of those rates is accounted for as income or loss and shown in the statement of income and expenditure. In accordance with UNICEF Executive Board decision 1990/28, differences resulting from the payment of contributions pledged in currencies other than United States dollars are recorded against the contributions.

Income

7. Income consists of regular resources, other resources and funds for emergency relief and rehabilitation. Regular resources include funds from the voluntary annual contributions of Governments, intergovernmental agencies and non-governmental organizations, the income from the Private Fund-raising and Partnerships Division, non-earmarked funds contributed by the public and other income. Other resources

are funds contributed to UNICEF by Governments, intergovernmental organizations, non-governmental organizations and the United Nations system, for specific purposes within the programmes approved by the UNICEF Executive Board. Emergency relief and rehabilitation funds include those contributed for emergency operations.

8. Income is recorded on the basis of funds or pledges received for the current year. Funds received for future years for purposes specified by donors are considered deferred income and recorded as “contributions received in advance”.

9. Contributions income received from National Committees for UNICEF is accounted for on a cash basis, with the exception of contributions for other resources (regular and emergency resources), which may be recorded on the basis of a valid pledge from a National Committee. The validity of the pledge is determined by the existence of funds raised and a statement from the National Committee that it is committing funds to UNICEF in the form of a pledge.

10. The statement of income and expenditure does not include funds received and disbursements made from trust funds.

11. All other income received by UNICEF is credited as regular resources.

12. Contributions in kind are valued by management and reflect the cost UNICEF would normally pay for similar items.

13. Supported deliveries are not reflected in the financial accounts of UNICEF, although they are handled through the administrative structures of the organization.

Expenditure

14. All expenditures of UNICEF are accounted for on an accrual basis, except for certain expenditures relating to staff entitlements, which are accounted for on the basis of cash disbursements only.

Cash

15. All funds received are initially deposited into UNICEF bank accounts and reflected as cash holdings.

Provision for uncollectible contributions receivable

16. In line with the recommendations of the external auditors (A/51/5/Add.2, chap. II, para. 37 and A/63/5/Add.2 and Corr.1, chap. II, para. 31), UNICEF maintains a provision for potentially uncollectible contributions receivable.

Inventory

17. The inventory of programme supplies at the UNICEF Supply Division warehouses is shown at average cost. All costs associated with bringing the goods to the warehouse are considered as part of the average cost. Goods in transit to the warehouse are valued at actual cost.

Capital assets

18. Capital assets consist of office buildings and staff housing and are presented at their acquisition cost.

Unliquidated obligations

19. Cancellation of unliquidated obligations is recorded as a reduction of expenditure if the budgetary account is valid, or as savings on or cancellation of prior-period obligations if the budgetary account has expired.

Consolidation

20. The financial report and statements reflect the net operating income, assets and liabilities of the Private Fund-raising and Partnerships Division. Transactions between UNICEF and the Private Fund-raising and Partnerships Division are eliminated on consolidation.

After-service health insurance and other end-of-service liabilities

21. The liabilities for after-service health insurance, annual leave and repatriation benefits are disclosed in the notes to the financial statements. UNICEF engages the services of an independent, qualified actuary to carry out an actuarial valuation of the accrued liabilities for these end-of-service benefits.

Non-expendable property

22. Furniture, equipment and other non-expendable property are not included in the assets of the organization. Acquisitions are charged against budgetary accounts in the year of purchase.

Reclassifications

23. Certain amounts classified as miscellaneous income for the biennium ended 31 December 2007 have been reclassified to allow comparison with the same amounts for the biennium ended 31 December 2009.

24. In order to clarify the financial impact of currency exchange rates, for the biennium ended 31 December 2009, two separately reported activities, namely, “gains and losses on foreign exchange transactions” and “currency exchange adjustments”, were reported as a new activity, “net currency exchange adjustments and gains on foreign exchange”, under other income in the statement of income and expenditure. Prior to the biennium ended 31 December 2009, “gains and losses on foreign exchange transactions” were reported as miscellaneous income, and currency exchange adjustments were reported separately. The reclassification of amounts reported for the biennium ended 31 December 2007 resulted in a decrease in amounts reported as miscellaneous income and an increase in amounts reported as net currency exchange adjustments and gains on foreign exchange of $10.1 million.

25. For the biennium ended 31 December 2009, the cancellation of unliquidated obligations related to expired budgetary accounts is reported against the fund balance as “savings on or cancellation of prior-period obligations”. For the biennium ended 31 December 2007, these amounts were reported as miscellaneous income. This change resulted in a $19.5 million decrease in miscellaneous income and a $19.5 million increase in savings on or cancellations of prior-period obligations.

Private Fund-raising and Partnerships Division

Accounting convention

26. The Private Fund-raising and Partnerships Division accounts are maintained in accordance with the Financial Regulations and Rules of UNICEF and the Greeting Card Operation special supplement.

Unit of account

27. The accounting unit is the United States dollar. The equivalent in United States dollars of other currencies is established on the basis of the United Nations operational rates of exchange on the transaction date.

Translation of currencies

28. Assets and liabilities in currencies other than the United States dollar are valued for accounting purposes at the prevailing United Nations rates of exchange. Any variance in valuation caused by fluctuation of those rates is accounted for as a gain or loss and is included in the statement of income and expenditure under exchange rate adjustment.

Income

29. Gross proceeds from the sale of cards and gifts are recorded in local currency and accrued on the basis of the provisional sales reports received from the sales partners at year-end. They are converted into United States dollars at the United Nations operational rates of exchange prevailing on 31 December. The accrual is adjusted in the following year on the receipt of the final sales report. If the provisional sales report is not received from a sales partner by end-of-year closure, gross proceeds are accrued on deliveries to that sales partner for the year, less an allowance for unsold goods.

30. Income from private fund-raising activities and related expenses is recorded separately in the Private Fund-raising and Partnerships Division accounts. The net proceeds raised by National Committees from private fund-raising activities for regular resources are recorded on the basis of the provisional reports submitted. These are then adjusted in the following year upon receipt of the final reports. Net proceeds raised by field offices from private fund-raising activities are recorded upon receipt of funds.

Allowance for doubtful accounts receivable

31. In accordance with Private Fund-raising and Partnerships Division accounting policy, a provision to cover accounts receivable that are considered doubtful for collection may be established. This provision is shown as a deduction from accounts receivable on the statement of assets and liabilities.

Inventory

32. The inventory of work in process and finished goods is valued at standard cost, while raw materials are valued at moving average cost. It is the policy of the Private Fund-raising and Partnerships Division to write down unsold cards and dated gifts at the end of the first sales campaign year and all other gifts at the end of the second sales campaign year. Gifts that have been written down and carried forward are valued at their add-on cost. All publicity and promotional materials produced in the

current campaign year but relating to future campaign years are shown at standard cost and included in inventory.

Liabilities

33. Liabilities are accrued in the Private Fund-raising and Partnerships Division accounts following recognized accounting standards, and appropriate cut-off procedures are followed consistently.

Note 3
Transfer to biennial support budget

34. A transfer is made from income to the biennial support budget, in keeping with the budget harmonization of the United Nations Development Programme (UNDP), the United Nations Population Fund and UNICEF, as follows:

(Thousands of United States dollars)

	2008-2009	*2006-2007*
Government contributions towards local costs	523	462
Income tax reimbursement	35 572	28 624
Total	**36 095**	**29 086**

Note 4
Private Fund-raising and Partnerships Division
(Thousands of United States dollars)

	2008	*2009*	*Total*	*2006-2007*
Income				
Gross proceeds from sales	130 092	119 561	249 653	303 188
Private fund-raising	332 741	385 155	717 896	711 357
Other income	22 611	27 588	50 199	40 730
Total	**485 444**	**532 304**	**1 017 748**	**1 055 275**
Total expenditure	124 811	152 886	277 697	271 706
Net income	**360 633**	**379 418**	**740 051**	**783 569**

Note 5
Miscellaneous income
(Thousands of United States dollars)

	2008-2009	*2006-2007*
Income from the sale of surplus and obsolete property	3 369	2 754
Agency commissions from procurement services	12 814	23 402
Miscellaneous — others	17 724	23 068
Total	**33 907**	**49 224**

Note 6
Net currency exchange adjustments and gains and losses on foreign exchange

(Thousands of United States dollars)

	2008-2009	*2006-2007*
Currency exchange adjustments	(43 208)	24 939
Gains and losses on foreign exchange	36 185	10 113
Total	**(7 023)**	**35 052**

Note 7
Write-offs/prior-period adjustments

(Thousands of United States dollars)

	Regular resources	*Other resources (regular)*	*Other resources (emergency)*	*Total 2008-2009*	*Total 2006-2007*
Uncollectible contributions	441	16 331	6 491	23 263	19 479
Inventory and other write-offs	7 387			7 387	1 500
Prior-period adjustments	119	(198)	134	55	611
Total	**7 947**	**16 133**	**6 625**	**30 705**	**21 590**

Note 8
Provision for uncollectible contributions receivable

35. In line with the recommendations of the external auditors (A/51/5/Add.2, chap. II, para. 37 and A/63/5/Add.2 and Corr.1, chap. II, para. 31), UNICEF maintains a provision for potentially uncollectible contributions receivable. This provision is set at $11.2 million.

Note 9
Reserves

(Thousands of United States dollars)

	Balance as at 1 January 2008	*Funds received*	*Expenses*	*Balance as at 31 December 2009*
Reserve for procurement services	2 000			2 000
Reserve for insurance	115			115
Reserve for capital assets	27 126	160		27 286
Reserve for after-service health insurance	150 000	60 000		210 000
Reserve for separation fund	18 279	41 913	32 221	27 971
Total	**197 520**	**102 073**	**32 221**	**267 372**

Reserve for procurement services

36. In 1993, the Executive Board approved the establishment of a reserve for procurement services of $2 million to absorb possible future shortfalls. This reserve was funded by the surplus of handling fees charged for each procurement request against staff and related expenses charged against this fee by the Supply Division. There were no movements in the reserve in the biennium ended 31 December 2009.

37. The income and expenditure relating to procurement services amounted to:

(Thousands of United States dollars)

	2008-2009	*2006-2007*
Funds received	38 684	44 261
Less: staff and related expenses	(25 870)	(20 859)
Transfer to miscellaneous income	**12 814**	**23 402**

Reserve for insurance

38. In 1950, the Executive Board approved the establishment of a reserve for insurance of $200,000 to absorb losses of UNICEF programme supplies and equipment not covered by commercial insurance. This amount was funded by approved freight allocations. In 1987, an additional $100,000 from regular resources was added to the reserve to self-insure for property losses. There were no movements in the reserve in the biennium ended 31 December 2009.

Reserve for capital assets

39. In 1990, the Executive Board approved the establishment of a capital asset reserve of $22 million from regular resources to better control future purchases of capital assets, mainly office buildings and staff housing in the field. The increase in the reserve during the biennium ended 31 December 2009 resulted from rental income on staff housing.

Reserve for after-service health insurance

40. In 2003, the Executive Board approved the establishment of a funded reserve for after-service health insurance and an initial allocation of $30 million from regular resources. The reserve was increased each year thereafter, bringing the balance to $210 million in the biennium ended 31 December 2009. Currently, disbursements for retirees are charged against the budget appropriations of the periods when actual payments are made.

Reserve for separation fund

41. In 2006, the Executive Board approved the establishment of a separation fund to cover separation and termination liabilities and an initial allocation of $10 million from regular resources. The fund is built up on an annual basis by the net of total contributions less payments made. There was an increase of $9.7 million in the reserve during the biennium ended 31 December 2009.

Note 10
Cash and term deposits

(Thousands of United States dollars)

	2009	*2007*
Term deposits	2 070 226	2 100 992
Cash (convertible)	57 101	116 130
Cash (non-convertible)	11 164	12 707
Total	**2 138 491**	**2 229 829**

Note 11
Investments

42. Investments include marketable securities and other negotiable instruments acquired by the organization to produce income. Investments are stated at cost plus or minus any amortized premium or discount. As at 31 December 2009 and 31 December 2007, a total of $839 million and $445 million, respectively, were invested in fixed-income securities.

43. As at 31 December 2009 and 31 December 2007, the market values of investments were $839 million and $446 million, respectively. While the market value of the financial instruments may fluctuate during the investment period, it does not affect the value due on maturity to UNICEF.

Note 12
Contributions receivable

44. The ageing of contributions receivable as at 31 December 2009 is shown in the following table:

(Thousands of United States dollars)

	Prior to 2007	*2007*	*2008*	*2009*	*Total 31 December 2009*	*Total 31 December 2007*
Contributions receivable	88	5 564	34 273	289 798	329 723	251 288

Note 13
Other accounts receivable
(Thousands of United States dollars)

	2009	*2007*
From:		
National Committees and other private fund-raising partnerships	388 947	393 074
Less: allowance for doubtful accounts receivable	(9 796)	(9 348)
Governments, United Nations system and others — trust funds	9 480	9 942
United Nations system	3 978	12 790
Governments	7 601	6 496
Staff members	20 655	21 578
Accrued interest	15 800	18 258
Miscellaneous	4 989	1 786
Total	**441 654**	**454 576**

Note 14
Inventories

(Thousands of United States dollars)

	2009	2007
Programme supplies	33 708	32 080
Packing materials	326	332
Greeting cards and gifts		
Raw materials	2 451	3 358
Work in progress	40	33
Finished goods	7 266	10 276
Total	**43 791**	**46 079**

Note 15
Buildings

(Thousands of United States dollars)

	Office buildings	Staff housing	Total 2008-2009	Total 2006-2007
Opening balance, 1 January	**17 204**	**627**	**17 831**	**15 821**
Plus: additions	1 052	62	1 114	2 010
Less: disposals	(261)	(59)	(320)	
Closing balance, 31 December	**17 995**	**630**	**18 625**	**17 831**

Note 16
Contributions received in advance

(Thousands of United States dollars)

	2009	2007
Governments and intergovernmental agencies	4 334	40 500
Inter-organizational arrangements	15 567	
Total	**19 901**	**40 500**

45. Further to contributions received in advance, pledges amounting to $178 million have already been received for future years.

Note 17
Unliquidated obligations

(Thousands of United States dollars)

	2009	2007
Programme accounts	226 772	252 170
Administrative accounts	37 606	21 554
Total	**264 378**	**273 724**

Note 18
Accounts payable
(Thousands of United States dollars)

	2009	*2007*
United Nations system	11 280	26 670
Supplies, services and freight	67 905	71 376
Miscellaneous	6 856	25 399
Total	**86 041**	**123 445**

Note 19
Trust funds
(Thousands of United States dollars)

	2009	*2007*
Net balance	438 242	304 628
Receivables	9 480	9 942
Gross balance	**447 722**	**314 570**

Note 20
Medical insurance plan

46. The medical insurance plan is a health and dental insurance plan operated by the United Nations, United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees (UNHCR) and UNICEF at designated duty stations for the benefit of locally recruited current and former General Service staff members, National Professional Officers and their eligible family members. Staff members and the organization share in the cost of the premiums. The ending balance represents the opening balance plus premiums less expenditure.

(Thousands of United States dollars)

	2008-2009	*2006-2007*
Opening balance	47 022	39 569
Plus: premiums	29 788	23 833
Less: expenditure	(23 327)	(16 380)
Ending balance	**53 483**	**47 022**

Note 21
After-service health insurance and other end-of-service liabilities

47. On the basis of an actuarial valuation, it has been estimated that UNICEF accrued liabilities for after-service health insurance, annual leave and repatriation benefits as at 31 December 2009 are as follows:

(Thousands of United States dollars)

	2009	2007
After-service health insurance		
Gross liability	732 335	613 961
Offset from plan participants	(268 346)	(131 248)
Total	**463 989**	**482 713**
Annual leave	37 619	
Repatriation	76 676	
Total	**114 295**	

48. The accrued liabilities have been computed using the projected unit credit method. This method involves attributing the present value of the total benefit to be received by a staff member to the staff member's periods of past and anticipated future service and using these to determine the benefit accrued from the date the staff member is hired to the valuation date.

49. For annual leave and repatriation benefits, actuarially valued liabilities as at 31 December 2007 are not available.

Actuarial assumptions

50. Two key assumptions used by the actuary to determine the accrued liabilities are the discount rate and, for after-service health insurance, the rate of health-care cost increases.

51. The accrued liabilities for after-service health insurance, annual leave and repatriation benefits are based on a discount rate of 6.0 per cent as at 31 December 2009. The impact on the accrued liabilities of a 1 per cent change in the discount rate is as follows:

(Thousands of United States dollars)

	Impact on accrued liability		
Change in discount rate	*After-service health insurance*	*Annual leave*	*Repatriation*
1.0 per cent increase	(78 878)	(2 257)	(6 134)
1.0 per cent decrease	102 078	2 633	6 901

52. The accrued liability for after-service health insurance is also based on the following rates of health-care cost increases, also known as the health-care trend rates:

Year	*Rate increase in health-care costs inside the United States*	*Rate increase in health-care costs outside the United States*
2010	8.4 per cent	6.0 per cent
2011-2027	8.1-4.5 per cent	5.9-4.5 per cent

53. The impact on the accrued liability of a 1 per cent change in the health-care trend rates is as follows:

(Thousands of United States dollars)

Change in health-care trend rates	*Impact on accrued liability*
1.0 per cent increase	97 224
1.0 per cent decrease	(76 042)

54. As at 31 December 2007, the accrued liabilities for after-service health insurance, annual leave and repatriation benefits were based on a discount rate of 5.5 per cent and on the following rates of health-care cost increases:

Year	*Rate increase in health-care costs inside the United States*	*Rate increase in health-care costs outside the United States*
2008	9.5 per cent	5.7 per cent
2009-2015	8.8-5.0 per cent	5.4-4.5 per cent

55. Another factor affecting the after-service health insurance valuation is the contributions made by plan participants. These contributions, identified above as "offset from the plan participants", are deducted from the gross liability to determine the residual liability of UNICEF. Retirees and active staff members participate in the same health-care plans. Their collective contributions are offset against the total cost of providing health care in accordance with the cost-sharing ratios approved by the General Assembly. The actuarial valuation as at 31 December 2007 was based on the determination that only contributions from retirees should be included in the offset. The actuarial valuation as at 31 December 2009 is based on the refined determination that contributions from retirees and a portion of the contributions from active staff should be included in the offset.

56. The actuarial valuation for after-service health insurance as at 31 December 2009 includes actuarial gains of $113 million resulting from changes in the major assumptions used by the actuary since the previous valuation.

Census data

57. The actuarial valuations were based on census data collected prior to 31 December 2009. Census data as at 31 December 2009 became available subsequent to the completion of the financial statements. The estimate of UNICEF accrued liabilities might have increased by 3 per cent, or $17 million, had this data been used in the actuarial valuation.

Other

58. Previous to the biennium ended 31 December 2009, the liabilities disclosed for repatriation and annual leave were based on current costs at the reporting date without discounting or other adjustments. The change in accounting policy to an actuarial basis for measuring the liabilities and to the inclusion of travel and shipment within repatriation has not been applied retroactively, owing to the impracticality of undertaking an actuarial valuation as at 31 December 2007. Had

the former valuation methodology been continued, the disclosed liabilities would have been $40.3 million for repatriation and $52.9 million for annual leave.

59. As at 31 December 2009, the balance of the after-service health insurance and separation fund reserves were $210 million and $28 million, respectively.

Note 22
United Nations Joint Staff Pension Fund

60. UNICEF is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined-benefit plan. The financial obligations of the organization to the Pension Fund consist of its mandated contribution at the rate established by the General Assembly, together with any share of any actuarial deficiency payments under article 26 of the Regulations and Rules of the Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date.

61. At the time of the preparation of the present report, the General Assembly had not invoked that provision.

Note 23
Lease

62. UNICEF is a lessee of the United Nations Development Corporation for a building known as Three United Nations Plaza, as specified in a lease agreement between the parties dated 13 August 1984 and amendments thereto dated 11 January 1994 and 29 September 2009. The base rent, exclusive of operating expense escalations, is fixed at approximately $6.6 million annually and the lease period extends to 2026. UNICEF may receive title to Three United Nations Plaza upon the expiration of the lease agreement for the consideration of $1 if it fulfils the conditions of continuous and uninterrupted stay in the building and maintenance of its worldwide headquarters in New York City until 2026. As at 31 December 2009, UNICEF had made payments under this lease agreement totalling $94.0 million, and has a further $108.3 million in lease commitments between 2010 and 2026.

Note 24
Non-expendable property
(Thousands of United States dollars)

	2009	*2007*
Cost of non-expendable property — UNICEF	48 818	45 532
Cost of non-expendable property under UNICEF custody	107 017	97 082
Total	**155 835**	**142 614**

Note 25
Liquidity

63. The UNICEF liquidity requirement recommends a minimum year-end balance of regular resources convertible cash equal to 10 per cent of projected regular resources income for the following year.

64. The financial plan for 2009 recommended a minimum regular resources convertible cash balance of $98 million.

65. For the purpose of meeting this requirement, UNICEF cash holdings and investments, excluding trust funds, are estimated to be split between regular resources and other resources as follows:

(Thousands of United States dollars)

	Regular resources	*Other resources*
Term deposits, cash (convertible) and investments	822 742	1 695 815
Cash (non-convertible)	11 164	
Total	**833 906**	**1 695 815**

66. UNICEF met its internal liquidity requirement for the year 2009.

Annex I

Income and expenditure and changes in reserves and fund balances for the years ended 31 December 2008 and 31 December 2009

(Thousands of United States dollars)

	Regular resources		*Other resources (regular)*		*Other resources (emergency)*		*Total*	
	2009	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*
Income								
Voluntary contributions								
Governments and intergovernmental agencies	594 248	615 731	935 469	965 956	425 745	457 795	1 955 462	2 039 482
Less: transfer to biennial support budget	(18 647)	(17 448)					(18 647)	(17 448)
Non-governmental/private sector sources	3 215	77	451 845	513 619	81 105	112 203	536 165	625 899
Funds received under inter-organizational arrangements	243	0	139 853	90 858	156 434	164 744	296 530	255 602
Private Fund-raising and Partnerships Division	379 418	360 633					379 418	360 633
Other income								
Interest income	60 763	109 269					60 763	109 269
Miscellaneous income	16 147	17 760					16 147	17 760
Net currency exchange adjustments and gains on foreign exchange	11 633	(18 656)					11 633	(18 656)
Total income	**1 047 020**	**1 067 366**	**1 527 167**	**1 570 433**	**663 284**	**734 742**	**3 237 471**	**3 372 541**
Expenditure								
Programme assistance	768 999	746 576	1 477 820	1 315 545	696 429	746 219	2 943 248	2 808 340
Programme support	200 615	167 213					200 615	167 213
Total programme cooperation	969 614	913 789	1 477 820	1 315 545	696 429	746 219	3 143 863	2 975 553
Management and administration	97 453	74 058					97 453	74 058
Security	23 080	9 770					23 080	9 770
Total expenditure	**1 090 147**	**997 617**	**1 477 820**	**1 315 545**	**696 429**	**746 219**	**3 264 396**	**3 059 381**
Excess (shortfall) of income over expenditure	(43 127)	69 749	49 347	254 888	(33 145)	(11 477)	(26 925)	313 160
Write-offs/prior-period adjustments	4 080	3 867	835	15 298	3 884	2 741	8 799	21 906
Provision for uncollectible contributions receivable	(4 985)	0	5 566		5 582		6 163	
Net excess (shortfall) of income over expenditure	**(42 222)**	**65 882**	**42 946**	**239 590**	**(42 611)**	**(14 218)**	**(41 887)**	**291 254**

	Regular resources		Other resources (regular)		Other resources (emergency)		Total	
	2009	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*
Fund balances, 1 January	893 718	833 332	1 388 669	1 149 079	446 193	460 411	2 728 580	2 442 822
Savings on or cancellations of prior-period obligations	4 483	24 504					4 483	24 504
Transfer to reserve for after-service health insurance	(30 000)	(30 000)					(30 000)	(30 000)
Reserve balances, 1 January	228 039	197 520					228 039	197 520
Increase in reserves	39 333	30 519					39 333	30 519
Reserves and fund balances, 31 December	**1 093 351**	**1 121 757**	**1 431 615**	**1 388 669**	**403 582**	**446 193**	**2 928 548**	**2 956 619**

Annex II

Glossary

accounts, audited. The financial statements of the organization for a specified period or at a specified date, audited by the external auditors (United Nations Board of Auditors).

accrual basis of accounting. The accrual basis of accounting for income in each financial period means that income is recognized when it is due and not when it is received. Accrual of expenditures in each financial period means that costs are recognized when obligations arise or liabilities are incurred and not when payments are made.

asset. An asset is a resource owned by or due to the organization as a result of past events.

budget. A plan in financial terms for carrying out proposed activities in a specified time.

budget appropriation. The total appropriation of funds approved by the Executive Board for UNICEF programme support, management and administration costs and programme assistance against which obligations may be incurred for those purposes up to the amount so approved.

cash holdings. The aggregation of all the funds of the organization, including coins, banknotes, cheques, balances in current and call accounts, savings accounts and interest-bearing deposits.

cash in current bank accounts. The aggregate of money maintained in UNICEF bank accounts, as reflected in the UNICEF books of account, to sustain operational requirements.

cash in interest-bearing deposits. Funds temporarily available over those needed for immediate requirements, held in short-term, interest-bearing deposits and ready to be drawn down when needed.

cash-on-hand (also called "petty cash"). Cash kept on hand by authorized officers as a convenience for making small payments on behalf of the organization.

cash, non-convertible. Currencies the use of which (mainly in respect of transferability and convertibility) is limited because of foreign exchange regulations or a donor's wish. When those limitations do not exist, UNICEF considers the currencies as "unrestricted" because they are fully convertible.

contributions, voluntary. Contributions to UNICEF that are offered and accepted without reference to a scale of assessments determined by any United Nations legislative body.

contributions receivable. Contributions pledged to UNICEF but not received until a future time.

earmark. To give expression to a restriction imposed by agreement or by administrative action on the use of an account or an equivalent amount of assets.

expenditure. The sum of disbursements and valid unliquidated obligations made against the appropriation/allocation for the period.

financial period. The operating period of the organization covered by the financial statements is a biennium.

financial regulations. Until 31 December 1987, the UNICEF accounts were maintained in accordance with the Financial Regulations and Rules of the United Nations, with such modifications as required by the nature of UNICEF work. Since 1 January 1988, the UNICEF accounts have been maintained in accordance with the UNICEF Financial Regulations and Rules. In 2012, the UNICEF Financial Regulations and Rules will be updated to ensure consistency with the International Public Sector Accounting Standards (IPSAS).

fund balance. Fund balances and reserves represent the difference between the assets and the liabilities of the organization. They consist of funds available for the implementation of programmes funded by regular resources and other resources as well as funds available for the acquisition of capital assets and set aside for procurement service shortfalls, losses not covered by commercial insurance, after-service health insurance and separation costs.

income. Money or money equivalent received or accrued during the financial period which increases existing net assets. UNICEF income is recorded on the basis of funds or pledges received for the current year.

income, deferred. Funds received or pledges recorded as receivable, attributable to future financial periods and, therefore, not credited to the income account of the period reported on.

income, regular resources. Non-earmarked income, which includes funds from voluntary annual contributions of Governments, the net income from the Private Fund-raising and Partnerships Division, funds contributed by the public and certain "other (or miscellaneous) income".

income, other. Also referred to as "miscellaneous income" for regular resources. Miscellaneous income is income other than the value of the voluntary contributions and the net income of the Private Fund-raising and Partnerships Division.

income, other resources (regular). Specific contributions for programmes approved by the UNICEF Executive Board, in addition to regular resources, which then become part of UNICEF programmes. They consist of funds contributed to UNICEF by Governments, non-governmental organizations and United Nations agencies for specific purposes.

income, other resources (emergency). Consists of funds contributed to UNICEF by Governments, non-governmental organizations and United Nations agencies for emergency appeals.

inventory. Supplies and equipment for programmes held by the Supply Division, as well as raw materials held by the Private Fund-raising and Partnerships Division at the end of an accounting or financial period.

liability. A present obligation of the organization arising from past events, the settlement of which is expected to result in an outflow of resources from the organization.

liquidity policy. Owing to the nature of programme implementation and UNICEF cash flows, there may be, from time to time, short-term imbalances between regular resources cash disbursements and cash receipts. The UNICEF liquidity policy allows these temporary imbalances to be offset by up to one half of the balance of other resources (regular), other resources (emergency) and supplementary cash on hand. These imbalances must be settled by year-end.

liquidity requirement. In order to meet UNICEF liquidity requirements, regular resources convertible cash balances, at the end of each fiscal year, are required to equal 10 per cent of projected regular resources income for the next fiscal year.

local currency. The currency of the country or area in which the local financial records of an activity are kept and/or in which its local financial transactions take place.

non-expendable property. Items of property and equipment with an individual unit cost of at least $1,500.

obligation. Obligations are amounts of orders placed, contracts awarded, services received and other transactions that involve a charge against the resources of the current financial period. Obligations may be maintained either for that period or until liquidated or cancelled.

pledge. A written commitment by a prospective donor to make a voluntary contribution to UNICEF and which may be subject to the need to secure an appropriate national legislative approval is considered a pledge.

procurement services. UNICEF assists Governments, United Nations agencies and non-governmental organizations working in fields of benefit to children by undertaking, on request and on a reimbursable basis, the procurement of goods and services. UNICEF adds a small handling charge to the cost of the supplies and services to cover the costs of extra administration and documentation (see trust funds).

rates of exchange. The UNICEF accounts are maintained in United States dollars. Transactions in other currencies are converted for recording into United States dollars, in principle, at the United Nations operational rates of exchange.

schedule. Explanatory or supporting analyses accompanying financial statements.

trust funds. Funds accepted by UNICEF mainly to cover the costs of procurement of supplies and services undertaken by UNICEF on behalf of others. They also include financing provided by sponsors to cover the costs of Junior Professional Officers as well as those relating to projects funded by the World Bank and the Global Alliance for Vaccines and Immunization. These funds are not considered to be UNICEF income.

write-off. An adjustment to the accounts in order to record the loss of or reduction in the value of an asset.

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