



United Nations

Financial report and audited financial statements

**for the 12-month period
from 1 July 2018 to 30 June 2019**

and

Report of the Board of Auditors

Volume II

United Nations peacekeeping operations

General Assembly

Official Records

Seventy-fourth Session

Supplement No. 5



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

**Volume II
United Nations peacekeeping operations**



United Nations • New York, 2020

Note

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

Contents

<i>Chapter</i>	<i>Page</i>
Abbreviations	5
Letters of transmittal	7
I. Report of the Board of Auditors on the financial statements: audit opinion	10
II. Long-form report of the Board of Auditors	13
Summary	13
A. Mandate, scope and methodology	19
B. Main findings and recommendations	20
1. Follow-up of previous recommendations of the Board	20
2. Financial overview	21
3. Budget and finance	24
4. Military component	36
5. Administration of troop contributions	42
6. Comprehensive performance assessment system	49
7. United Nations reforms	51
8. Human resources management	58
9. Supply chain management	67
10. Locations closure	74
C. Disclosures by management	79
1. Write-off of cash, receivables and property	79
2. Ex gratia payments	80
3. Cases of fraud and presumptive fraud	80
D. Acknowledgement	81
Annexes	
I. Missions audited	82
II. Status of implementation of the outstanding recommendations of the Board as at 30 June 2019	85
III. Certification of the financial statements	123
IV. Financial report on the United Nations peacekeeping operations for the period from 1 July 2018 to 30 June 2019	124
A. Introduction	124

B.	Overview of the financial statements for the period from 1 July 2018 to 30 June 2019 ..	124
C.	Peacekeeping operations budgets	136
D.	Looking forward to 2019/20	136
V.	Financial statements for the year ended 30 June 2019	137
I.	Statement of financial position as at 30 June 2019	137
II.	Statement of financial performance for the year ended 30 June 2019	138
III.	Statement of changes in net assets for the year ended 30 June 2019	139
IV.	Statement of cash flows for the year ended 30 June 2019	140
V.	Statement of comparison of budget and actual amounts for the year ended 30 June 2019	141
	Notes to the 2019 financial statements	143
Annexes		
I.	Financial reporting by mission	196
II.	Budgetary reporting by mission	208

Abbreviations

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

UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNISFA	United Nations Interim Security Force for Abyei
UNLB	United Nations Logistics Base at Brindisi, Italy
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIS	United Nations Mission in the Sudan
UNMISSET	United Nations Mission of Support in East Timor
UNMISS	United Nations Mission in South Sudan
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d'Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission in Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
UNSOS	United Nations Support Office in Somalia
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

Letter dated 30 September 2019 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit the financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2018 to 30 June 2019, which I hereby approve. The financial statements have been certified by the Controller as correct in all material respects.

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

(Signed) António **Guterres**

**Letter dated 13 January 2020 from the Director, Finance Division,
Office of Programme Planning, Finance and Budget, addressed to
the Executive Secretary of the Board of Auditors**

Further to my memorandum of 30 September 2019, I am transmitting the revised financial statements and financial report for the United Nations peacekeeping operations for the period from 1 July 2018 to 30 June 2019.

With regard to the revision of the after-service health insurance liabilities, the following parts of the financial statements have been changed:

Financial statements	Statements	I, III
	Notes	4 (para. 88); 16 (paras. 110, 111, 118)
	Annex I	Employee benefits funds
Chapter IV	Paragraphs	12; 24; 25; 26
	Figures	IV.VII; IV.VIII; IV.IX

(Signed) Pedro **Guazo**

Letter dated 24 January 2020 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2019, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

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

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

Chapter I

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

Opinion

We have audited the financial statements of the United Nations peacekeeping operations, which comprise the statement of financial position (statement I) as at 30 June 2019, and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2019 and their financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the United Nations peacekeeping operations, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor’s report thereon

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 30 June 2019, contained in chapter IV below, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Secretary-General and those charged with governance for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary-General determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary-General is responsible for assessing the ability of the United Nations peacekeeping operations to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the Secretary-General intends either to liquidate the United Nations peacekeeping operations or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the United Nations peacekeeping operations.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the United Nations peacekeeping operations.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General.
- Draw conclusions as to the appropriateness of the Secretary-General's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the United Nations peacekeeping operations to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the United Nations peacekeeping operations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance with regard to, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations peacekeeping operations that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the United Nations peacekeeping operations.

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

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

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

24 January 2020

Chapter II

Long-form report of the Board of Auditors

Summary

Audit opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2019, and their financial performance and cash flows for the year then ended in accordance with IPSAS.

Audit focus

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

Scope of the present report

United Nations peacekeeping operations are deployed on the basis of Security Council mandates to maintain international peace and security. As at 30 June 2019, there were 13 active United Nations peacekeeping missions, with 122 countries contributing 75,862 military personnel and 94 countries contributing 10,193 police personnel. In addition, there were 12,622 civilian staff and 1,358 United Nations Volunteers.

The peacekeeping budget for the financial year 2018/19 was \$7.16 billion, representing a decrease of 4.53 per cent compared with the previous year's budget. The audit included the peacekeeping headquarters, the 13 active and 33 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost recovery fund; and the employee benefits fund.

Key findings

Errors in after-service health insurance census data

The Board found systematic errors in the census data submitted to the actuary for the valuation of the employee benefit liabilities. The Administration increased the liabilities by \$100 million.

Significant weaknesses regarding payments for security measures

On the basis of administrative instructions issued at various duty stations, staff members receive reimbursements for residential security measures. The Board found that staff members received reimbursements without providing up-to-date supporting documents, and some staff members do not provide any documentation. In several cases, the payments were set up to run until the year 9999. Some staff members received payments even after leaving the eligible duty station and moving, for example, to New York.

Unsatisfactory management of bank accounts

The Administration reports liquidity problems. Any liquidity assessment needs an accurate overview of the number of bank accounts and their balances and

transactions. The Administration did not have a complete overview of its 263 bank accounts. In some cases, the Board identified a lack of management and reconciliation of bank balances.

Deployment despite lack of basic military skills

The Administration reimburses troop-contributing countries for providing troops to peacekeeping missions. Training these troops is the responsibility of the troop-contributing country, and troops must only be deployed when they meet the standards the United Nations requires. The missions evaluate the skills and training level of the troops. The Board found that the vast majority of troops received good or very good grades even if they did not possess basic military skills. For example, MONUSCO found that nine units it evaluated in 2018/19 could not handle their weapons properly. The Board holds that any such unit cannot be trusted to go into combat without a severe risk of suffering casualties. Basic military skills must be a precondition and should not have to be compensated by in-mission training, especially since most units have a tour of duty that lasts just one year.

A mission's mandated special military unit of 2,800 soldiers for offensive operations

The Security Council mandated a mission to use a special military unit of some 2,800 soldiers to conduct offensive operations against armed groups to protect civilians. The 2018/19 budget for the unit was \$70 million. According to the mission, the unit did not carry out offensive operations in 2019.

A battalion remained in the host country's capital and thus did not protect civilians in conflict-affected areas

A mission kept a battalion in the capital at the host country's request, rather than deploy it to a conflict-affected area to protect civilians in accordance with its mandate. The mission followed the suggestion of the Board to adapt deployment to protection of civilians.

Attack helicopters did not perform but remained in the mission, even though the mission requested their repatriation

United Nations Headquarters drafted a Statement of Unit Requirements to meet a mission's demand for three attack helicopters for activities such as providing fire support to ground forces; shows of force; armed escorts; area surveillance and reconnaissance missions; and providing fire support to search and rescue and extraction operations. Headquarters selected a troop-contributing country to provide the helicopter unit. In August 2018 and May 2019, the mission evaluated the helicopter unit and requested Headquarters to repatriate it owing to a lack of performance and for not meeting the Statement of Unit Requirements. Rather than grant the mission's request and trust its assessment, Headquarters maintained the helicopter unit at the mission at the Mission's expense. Headquarters decided to have the matter reviewed by an independent expert and pursue further discussions with the troop-contributing country. This will further delay the repatriation of the non-performing unit.

Status of memorandums of understanding still needs improvement

In October 2019, in 13 cases, units of troop- or police-contributing countries had already been deployed to missions, although the memorandums of understanding had not yet been signed. The Board also identified in October 2019 that 44 other memorandums of understanding for active missions had been in the drafting stage or in progress for more than a year. The finalization of outstanding memorandums of understanding and amendments is not solely under the purview of the Organization.

Any delay may lead to inappropriate reimbursement and deployment of contingent-owned equipment or troops and subsequently to a negative impact on mandate implementation.

Troop-strength reporting in uniformed capabilities management still missing

The uniformed capabilities management module in Umoja is intended to manage all memorandums of understanding and their annexes and amendments, and reimbursement and payment activities for contingent-owned equipment and troops. It processes reimbursements and payments to troop- or police-contributing countries, which account for over 30 per cent of the total annual peacekeeping budget, amounting to \$2,625 million in the financial year 2018/19. Some \$1,500 million, or about 60 per cent, of that covers troop reimbursement. Although planned for 2019, the Administration did not implement troop-strength reporting in the uniformed capabilities management module.

Comprehensive performance assessment system meets the request of the Security Council

The implementation of CPAS is of paramount importance in meeting the request of the Security Council for a comprehensive and integrated performance and policy framework. The Administration developed CPAS and has started its roll-out in missions. The planning phase starts the CPAS cycle. Missions' strategic planning cells need to be adequately staffed to ensure comprehensive planning.

Delegation of authority and Umoja roles provisioning

Provisioning and monitoring of user roles in Umoja are key elements of internal controls. Powerful roles require the delegation of authority in accordance with Umoja guidelines. The Board found severe weaknesses in the provisioning and monitoring of Umoja roles, especially with regard to missing delegations of authority.

United Nations peace and security pillar reform

The Administration did not monitor its reform implementation closely enough to meet the Secretary-General's goal of more effectiveness in peacekeeping. The Board holds that the Administration needs to track progress using measurable criteria, indicators and milestones.

Temporary appointments and temporary assignments not in accordance with policies

Temporary appointments cover specific needs and are limited to 364 days; they can be extended to 729 days provided certain conditions are met. The Board found that the Administration did not adequately substantiate the need for temporary appointments. Temporary appointments were also extended beyond the initial term of 364 days without documenting the need, the decision and the justification for the extension. Some temporary appointments exceeded the maximum duration of 729 days.

Closure of field locations

MONUSCO closed eight field locations. The Board noted weaknesses in the disposal of assets, as MONUSCO gifted or disposed of all assets and did not generate any income from the sale of assets. There was no administrative oversight, and MONUSCO did not provide a report on the financial impact of the closures.

Recommendations

The main recommendations are that the Administration:

Errors in after-service health insurance census data

(a) **Correct erroneous staff service and participation data which it has already forwarded to the actuary for the valuation of the after-service health insurance liability and correct the employee benefits liabilities in the financial statements;**

Significant weaknesses regarding payments for security measures

(b) **Strengthen internal controls to prevent potential fraud related to reimbursements for residential security measures and scrutinize security companies as well as the pricing of security services;**

(c) **Perform a review to identify cases where staff members were unjustifiably granted monthly reimbursements for residential security measures until the year 9999, reclaim payments where necessary and take measures to avoid any such incidents in the future;**

Unsatisfactory management of bank accounts

(d) **Close inactive bank accounts, include all bank balances and currencies during periodic verification and demand bank statements for monthly reconciliation;**

Deployment despite lack of basic military skills

(e) **Define minimum basic military skills which every United Nations soldier must have before deployment. In addition, the Administration needs to specify which further skills soldiers of different types of units must have. These requirements should apply to all missions and be evaluated according to standardized criteria;**

A mission's mandated special military unit of 2,800 soldiers for offensive operations

(f) **Review the impact and effectiveness of the \$70 million budget special unit; the Administration should report the result to stakeholders before the new budget cycle starts;**

A battalion remained in the host country's capital and thus did not protect civilians in conflict-affected areas

(g) **Deploy the maximum possible number of troops to protect civilians when demanded by the mandate;**

Attack helicopters did not perform but remained in the mission, even though the mission requested their repatriation

(h) **Support missions in ensuring that they have the units and equipment they need;**

Status of memorandums of understanding still needs improvement

(i) **Establish appropriate key performance indicators for the Uniformed Capabilities Support Division to ensure that it prepares the memorandums of**

understanding with troop- or police-contributing countries and the amendments on a timely basis;

(j) Engage with the troop- or police-contributing countries to minimize the backlog of pending memorandums of understanding and amendments;

Troop-strength reporting in uniformed capabilities management is still missing

(k) Implement the troop-strength reporting and reimbursement functions of the Umoja uniformed capabilities management module as soon as possible;

(l) Develop a uniformed capabilities management user manual for missions and provide training;

Comprehensive performance assessment system meets the requirements of the Security Council

(m) Develop a generic mission strategic planning cell structure, representing key mandate implementation staff and possibly the resident coordinator;

Delegation of authority and Umoja roles provisioning

(n) Ensure that Headquarters and missions conduct a comprehensive review of roles assigned in Umoja to ensure that Umoja roles provisioned match the latest stipulations of the Umoja roles guide/security liaison officer workbook, the active staff list and the authorities delegated;

Peace and security pillar reform

(o) Establish indicators to monitor and verify that the peace and security pillar reform is implemented to achieve the goals laid down in the report of the Secretary-General of 1 March 2018 (A/72/772), especially regarding the goal to enhance the effectiveness and coherence of peacekeeping operations and special political missions;

Temporary appointments and temporary assignments not in accordance with policies

(p) Ensure that the duration of temporary appointments is in accordance with human resources policies;

Location closures

(q) Ensure that heads of field units stay at their posts and remain responsible for the closure of their units;

(r) Ensure that documents on the closure of field units be certified in written form and include all decisions to sell, transfer, gift or donate assets; record the signatures and offices of the recipients of these assets and detail the monetary impact; and conclude a document on lessons learned for further closure of locations;

(s) Ensure that disposals are compliant with regulation 5.14 of the Financial Regulations and Rules of the United Nations and are authorized.

Key facts

13	Number of active peacekeeping missions
1,358	Number of United Nations Volunteers in peacekeeping missions
12,622	Number of civilian staff engaged in peacekeeping missions
94	Number of countries contributing police personnel
10,193	Number of police personnel engaged in peacekeeping missions
122	Number of countries contributing military personnel
75,862	Number of military personnel engaged in peacekeeping missions
\$4.75 billion	Assets
\$4.36 billion	Liabilities
\$0.39 billion	Net assets
\$7.46 billion	Revenue including assessed contributions of \$7.00 billion
\$7.16 billion	Approved budget for peacekeeping
\$7.12 billion	Expenditure on peacekeeping operations (budget basis)
\$0.04 billion	Unutilized budget

A. Mandate, scope and methodology

1. The Board of Auditors audited the financial statements and reviewed the activities of the United Nations peacekeeping operations for the financial period from 1 July 2018 to 30 June 2019 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing.

2. The financial statements of the United Nations peacekeeping operations for the year ended 30 June 2019 are the sixth set of statements prepared after the adoption of IPSAS. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements fairly present the financial position of the United Nations peacekeeping operations as at 30 June 2019 and the financial performance and cash flows for the year then ended in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution [47/211](#), the Board continued its audit coverage at peacekeeping headquarters, the 13 active field missions, the 33 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost recovery fund; and the employee benefits funds, as detailed in annex I to the present report.

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

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

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

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

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

B. Main findings and recommendations

1. Follow-up of previous recommendations of the Board

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

Table II.1

Status of implementation of recommendations

<i>Year</i>	<i>Total</i>	<i>Fully implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
2012/13	49	48	1	–	–
2013/14	63	58	–	–	5
2014/15	31	25	1	–	5
2015/16	55	41	8	–	6
2016/17	75	48	25	–	2
2017/18	52	11	24	14	3
Total	325	231	59	14	21

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

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

9. Of the 52 recommendations issued by the Board in the financial year 2017/18, the Board has assessed that 11 recommendations (21 per cent) have been implemented, 24 recommendations (46 per cent) are under implementation, 14 recommendations (27 per cent) have not been implemented² and 3 recommendations (6 per cent) have been overtaken by events. It is the Board's view that the Administration has not fully supported their timely implementation.

10. In the previous five financial years (2012/13 to 2016/17), the Board issued a total of 273 recommendations, of which 18 were overtaken by events. Of the remaining 255 recommendations, 220 recommendations (86 per cent) have been implemented and 35 recommendations (14 per cent) are still under implementation. The details of the implementation of previous recommendations are set out in annex II to the present report.

11. Recommendations often necessitate actions to ensure compliance and may in some cases require a longer time to implement. However, the Board is concerned that only 11 (21 per cent) of its 52 recommendations made in 2017/18 and only 48 (64 per cent) of its 75 recommendations made in 2016/17 have been implemented.

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

² Eight recommendations were not implemented in accordance with the request of the General Assembly in its resolution [73/268](#) B.

Administration's responsiveness to observations and to previous recommendations

13. The Board had made some recommendations in its previous report which related, inter alia, to setting transparent and objective criteria for force generation, fostering mandate implementation by preventing undeclared caveats and articulating performance criteria and expectations. The Administration had confirmed the Board's findings and agreed to implement the recommendations.

14. On 3 July 2019, a majority of the General Assembly approved resolution [73/268](#) B, in which the Assembly asked the Administration not to implement those recommendations. Recommendations on air operations that the Assembly had already endorsed the previous year were also not to be implemented.

15. The Administration followed the request of the General Assembly and stopped implementing the recommendations.³ The Board assesses those recommendations as "not implemented".

16. The Board notes that the Administration demonstrated a lack of responsiveness to audit requests and observations during the course of the audit. The Board faced difficulties establishing facts on which to base its assessment. Findings were not commented on or commented on only after deadlines had long passed, were denied without substantial evidence or the Administration withdrew its earlier comments.

17. The Board found, inter alia, severe deficiencies in staff selection which the Administration disputed on the basis of evidence that did not support its statement, and which gave the Board reason to doubt whether the Administration had complied with regulations.

18. With regard to recommendations from previous years which were endorsed by the General Assembly, the Board found that the Administration was very slow to implement them, and the number of recommendations that were not implemented rose sharply. For example:

(a) The force generation manual has been in draft form since 2016, and the Administration pledged to finalize it by July 2019; that pledge was made a year ago and no progress has been visible;

(b) The Administration also agreed to implement the force generation process in Umoja. The Board requested data on the implementation of this recommendation, to which the Administration merely replied "ongoing", without supplying any further information.

19. As agreed with the Administration, the Board intends to verify periodically whether the implementation of previous recommendations endorsed by the General Assembly has made progress, to facilitate annual reporting.

2. Financial overview

20. The approved peacekeeping budget for the financial year 2018/19 was \$7.16 billion, representing a decrease of 4.5 per cent compared with the previous year's budget of \$7.50 billion. Expenditure decreased by 4.1 per cent in 2018/19 to \$7.12 billion from \$7.42 billion in 2017/18. An amount of \$0.04 billion was unutilized in 2018/19, compared with \$0.07 billion in 2017/18.

³ The Administration stated on 19 February 2019 that it had started to implement the respective recommendations (see [A/73/750](#), paras. 34 ff.).

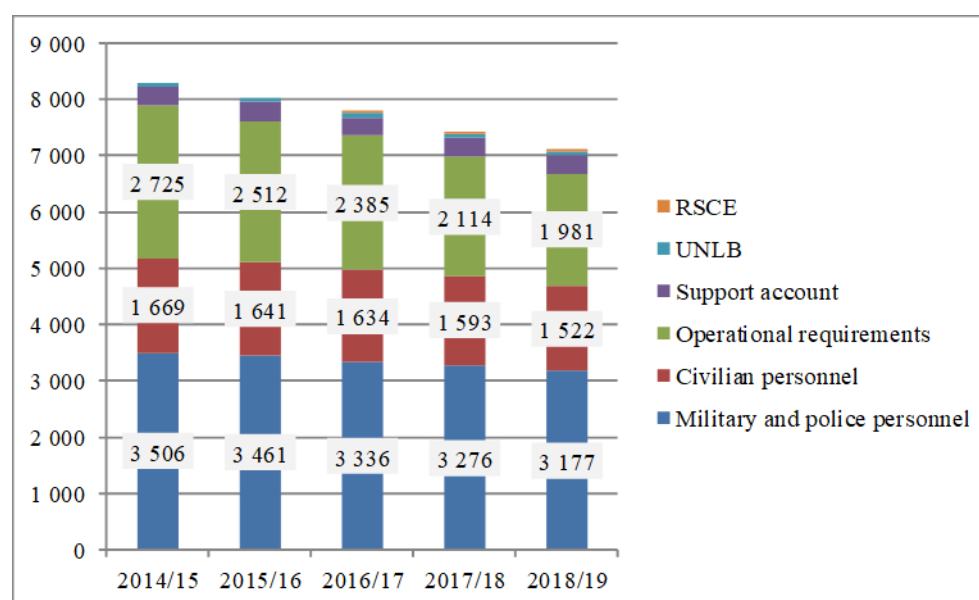
Trend of expenditure

21. The trend of expenditure is depicted in figure II.I below. The details of the expenditure incurred under the three budget groups, the support account, UNLB and RSCE during the five years ended 30 June 2019 are shown in table II.2.

Figure II.I

Trend of expenditure

(Millions of United States dollars)



Source: Financial statements of peacekeeping operations.

Table II.2

Expenditure of peacekeeping operations, by group

(Millions of United States dollars)

Group	2014/15	2015/16	2016/17	2017/18	2018/19
Military and police personnel	3 506.2	3 461.3	3 335.8	3 276.5	3 176.5
Civilian personnel	1 669.4	1 640.8	1 634.3	1 593.1	1 521.6
Operational requirements	2 724.7	2 512.3	2 384.5	2 114.5	1 980.7
Support account	324.2	335.9	327.1	325.8	324.7
UNLB	66.5	67.1	82.2	80.2	82.1
RSCE	—	—	36.3	32.8	31.4
Voluntary contributions in kind	4.3	2.8	1.0	0.9	0.8
Total	8 295.3	8 020.2	7 801.2	7 423.8	7 117.9

Source: Financial statements of peacekeeping operations.

Variances between appropriation and expenditure

22. Peacekeeping operations incurred expenditures of \$7.12 billion against the approved budget of \$7.16 billion, resulting in an underexpenditure of \$0.04 billion. The underexpenditure was again reduced compared with the previous financial year, when it amounted to \$0.07 billion. The overall underexpenditure varied between 0.01 and 2.97 per cent at the 13 missions.

Budget redeployments

23. The total amount of budget redeployments for the financial year 2018/19 was \$231.63 million (3.3 per cent of the original budget). This is similar to 2017/18, when redeployments amounted to \$232.88 million (3.2 per cent of the original budget) and less than in 2016/17, when budget redeployments amounted to \$297.95 million (3.8 per cent of the original budget). Further details regarding the budget redeployments at the mission level are provided in annex II to the financial statements.

Financial position

24. The financial position varies between the different peacekeeping operations entities, especially concerning liquidity. While the cash ratio was above or close to 1 for several missions and support activities, it was close to zero for others as at 30 June 2019. The Administration stated that three missions (MINUJUSTH, MINURSO and UNMIK) had to borrow from closed missions in the financial year 2018/19 owing to liquidity constraints. MONUSCO and UNFICYP had to borrow from closed missions in July 2019. Further details are described below and reported by the Administration in chapter IV.

25. Overall, the assets-to-liabilities ratio decreased from 1.19 to 1.07. For the second consecutive year, the peacekeeping operations recorded a deficit (\$270.2 million in 2018/19 and \$229.3 million in 2017/18). In the previous year, an actuarial gain on employee benefits liabilities of \$250.6 million nearly compensated for the deficit of \$229.3 million and other adjustments to net assets of \$27.9 million. This led to a slight decrease in net assets as well as a stable assets-to-liabilities ratio. During the period under review, adjustments and an actuarial loss on employee benefits liabilities of \$222.0 million were recorded. This, together with the deficit, led to a decrease of \$492.2 million in net assets and a drop in the assets-to-liabilities ratio. The unrestricted accumulated surplus is now almost depleted. The current ratio increased slightly, mainly owing to a decrease in accounts payable.

26. The ratios that focus on the liquidity position, quick ratio and cash ratio, both increased slightly (see table II.3). The main reasons were the decrease in accounts payable and an increase in short-term investments. Nevertheless, the cash ratio remains at a low level. The Administration stated that the cash management challenges in MINURSO and UNMIK persisted and that the two missions had to continue borrowing from closed missions. The loans payable as at 30 June 2019 in MINURSO and UNMIK were \$15.0 million and \$28.8 million, respectively. The Administration further noted that the liquidity of MINUJUSTH deteriorated and the mission had to borrow \$5.0 million from closed missions in June 2019. The total outstanding loans from closed missions to active missions amounted to \$48.8 million as at 30 June 2019 (2017/18: \$35.1 million). In addition, RSCE borrowed \$1.0 million from closed missions in June 2019. Chapter IV includes further details on liquidity as reported by the Administration.

27. The Administration stated that arrears payable to troop- and police-contributing countries as of the end of December 2018, with respect to active peacekeeping operations, were approximately \$255.0 million and increased to \$432.5 million as of the end of June 2019. In his report on improving the financial situation of the United Nations (A/73/809), the Secretary-General proposed a set of measures to address the liquidity problems. The measures were subsequently endorsed, in part, by the General Assembly. The Board was informed by the Administration that the measures helped alleviate immediate cash constraints. However, the Administration also noted that the practice of delaying reimbursements to troop- and police-contributing countries was still continuing, albeit on a smaller scale, in order to ensure liquidity for operations.

Table II.3
Capital structure ratios

<i>Ratios</i>	<i>30 June 2019</i>	<i>30 June 2018</i>	<i>30 June 2017</i>	<i>30 June 2016</i>	<i>30 June 2015</i>
Asset position					
Assets-to-liabilities ratio^a	1.07	1.19	1.19	1.17	1.21
Total assets: total liabilities					
Current ratio^b	1.27	1.23	1.22	1.17	1.09
Current assets: current liabilities					
Liquidity position					
Quick ratio^c	1.12	1.08	1.06	1.04	0.96
Cash + short-term investments + accounts receivable: current liabilities					
Cash ratio^d	0.49	0.45	0.66	0.60	0.56
Cash + short-term investments: current liabilities					

Source: Financial statements of peacekeeping operations.

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

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

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

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

28. Employee benefits liabilities increased by \$362.4 million to \$2,092.6 million from \$1,730.2 million in the previous financial year. The increase is mainly the result of actuarial losses caused by decreases in the discount rates used for the actuarial valuation (see note 16 in the notes to the financial statements) and an adjustment resulting from errors in the census data (see paras. 42 to 50). They now account for 46.9 per cent of total liabilities, compared with 40.9 per cent in the previous financial year. The main part of the employee benefits liabilities are liabilities for after-service health insurance. As at 30 June 2019, they amounted to \$1,679.4 million (30 June 2018: \$1,367.2 million).

Review of useful life of assets

29. The Administration is currently finishing the review of the estimates of the useful lives of assets in accordance with recommendations of the Board in this regard (see annex II). The Task Force on Accounting Standards of the Chief Executives Board for Coordination decided to collect useful life data from all United Nations system entities to ensure a harmonized approach in the United Nations system. Preliminary results for the peacekeeping operations show that the estimates of the useful lives will most likely increase. As a result, an adjustment increasing the net book values of assets as well as net assets is to be expected in the next financial year.

3. Budget and finance

Physical inventory reconciliation and optimization project follow-up

30. In its previous report, the Board found various shortcomings concerning property, plant and equipment and inventory data following the decommissioning of the Galileo legacy system (A/73/5 (Vol. II), paras. 23–60). The report included an emphasis of matter in this regard. The Administration launched the physical inventory reconciliation and optimization project in October 2018 to address the property, plant

and equipment and inventory data issues. The Advisory Committee on Administrative and Budgetary Questions asked the Board to provide an update on the project in its next report ([A/73/755](#), para. 27). The project ended on 31 July 2019. The Board assessed the progress of the project at all missions and service centres as well as at Headquarters. While the audit teams of all Board members auditing the missions still found errors in property, plant and equipment and inventory data, the overall quality of data improved.

31. In its previous report, the Board noted incomplete physical verification and counting, especially of so-called non-financial inventory (equivalent to consumables and supplies). The Administration stated that during the financial year 2018/19, peacekeeping operations physically counted 90 per cent of consumables and supplies, compared with 63 per cent in the previous financial year. The verification and counting percentages also increased with regard to other categories of property, plant and equipment and inventory and exceeded 90 per cent.

32. Moreover, the Board identified various specific data quality issues resulting from the migration of data from Galileo, mainly different items under the same product identification (ID) codes and items with no movement since the decommissioning of Galileo. According to the most recent update by the Administration as at 22 July 2019, between November 2018 and June 2019, the total value of different items under single product IDs decreased from \$166 million to \$78 million. The total value of items without movement since the decommissioning of Galileo was reduced from \$69 million to \$30 million. The total value of different items which were mapped to a single product ID and had no movement decreased from \$56 million to \$2 million.

33. In the financial statements, inventories were adjusted downward by \$23 million. However, this number must be considered with reservation. The missions were instructed to record all adjustments resulting from the physical inventory reconciliation and optimization project under specific transaction types. However, they often did not comply. A significant number of adjustments resulting from the project were recorded under regular purchase or consumption of inventory. As a result, the figures for purchase and consumption for the current financial year were inflated by an amount substantially larger than the identified corrections of \$23 million. The exact impact of the project on the financial statements is unknown.

34. This non-compliance illustrates an issue regarding the delegated authorities of Headquarters and missions. Under the new delegation of authority framework (see [ST/SGB/2019/2](#)), the Secretary-General delegated the authority for property management to the heads of missions. The delegation of authority for the preparation of the financial statements still rests with Headquarters. Recording the physical inventory reconciliation and optimization project adjustments under a specific transaction type in Umoja might not be important for property management or logistic operations in the missions' warehouses, but it is crucial to the disclosures in the financial statements prepared by Headquarters.

35. In general, it is paramount that the work on property, plant and equipment and inventory data continues. As pointed out above, while substantial parts of the data were cleansed, further work is necessary. Moreover, the best practices established during the physical inventory reconciliation and optimization project should be adopted in daily operations to ensure sound data quality. In that regard, the Under-Secretary-General for Operational Support issued a code cable containing a provisional guideline for inventory and warehouse management in August 2019.

36. Nonetheless, the Board holds that the delegations of authority in the areas of property management on the one hand and the preparation of the financial statements on the other require additional accountability measures. The Secretary-General must

emphasize the responsibility of peacekeeping entities for property, plant and equipment and inventory data and hold them accountable for it. The delegated authority for property management directly affects the financial statements. Currently, the performance monitoring framework accompanying the new delegations of authority includes only two performance indicators for property management. They are very specific and concern only the avoidance of loss of property and timely write-off and disposal.

37. The other main accountability instrument for the recipients of the property management delegation of authority, namely, the heads of missions, is the respective senior managers' compacts. The draft 2019/20 compacts include two deliverables touching on property management and financial statements. The first one is an expected accomplishment: "Ensuring the utilization of Delegation of Authority [key performance indicators] and other relevant tools to monitor activities in ... property management". As explained above, the delegation of authority performance monitoring framework currently only includes two very specific key performance indicators for property management. The second one is a performance measure concerning the utilization of financial resources: "Compliance with International Public Sector Accounting Standards (IPSAS)". Currently, the missions do not prepare their own IPSAS financial statements. Instead, Headquarters prepares a single consolidated financial statement comprising all peacekeeping operations. At the time of preparation, it was too late to correct or quantify some errors, described above, regarding the adjustments resulting from the physical inventory reconciliation and optimization project. Thus, the fulfilment of this broad performance measure is hard to determine.

38. Currently, there is no suitable performance indicator for the heads of missions with regard to ensuring accountability for sound property, plant and equipment and inventory data quality. Among other things, the data quality has an impact on the financial statements. The Administration should select a suitable measure and include it in the senior managers' compacts to make sure that the work on property, plant and equipment and inventory data quality is enforced by the heads of missions. The Global Asset Management Policy Service in the Department of Management Strategy, Policy and Compliance has already developed a property management performance index which could be a starting point for such a measure.

39. The Board recommends that the Administration include in the compacts of the Secretary-General with heads of missions a performance indicator ensuring sound property, plant, equipment and inventory data quality.

40. The Administration did not accept the recommendation. It concurred with the requirement for a performance indicator ensuring sound property, plant, equipment and inventory data quality. However, the Administration stated that the more appropriate location for this performance indicator was not within the higher-level compacts of the Secretary-General with heads of missions but within the key performance indicators contained in the delegation of authority framework.

41. The Board recalls issues with property, plant, equipment and inventory data quality in the past years, which, for example, led to an emphasis of matter in the Board's previous report. Considering these issues, the amounts involved and the fact that the heads of missions now have the delegation of authority for property management, the Board holds that the compacts are an appropriate location for this performance indicator.

Errors in after-service health insurance census data

42. After-service health insurance liabilities form the major part of employee benefit liabilities. At 30 June 2019, those liabilities were valued at \$1.6 billion. Upon

end of service, staff members and their dependents may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements.

43. If, before joining the United Nations, the insured former staff member had been covered under any of the other contributory health insurance plans of the United Nations system, the periods of such coverage count towards the required minimum qualifying period of in-service coverage. It is not necessary that the required minimum qualifying periods of in-service coverage be single, continuous periods. Two or more periods of in-service coverage that are interrupted by periods of non-coverage count towards the required minimum period concerned.⁴

44. The Administration provides the actuary with census data to facilitate the valuation of the after-service health insurance liability. The census data contains two entry-on-duty dates: entry on duty in the United Nations (Volumes I and II) and entry on duty in the United Nations common system. The staff member needs to be employed under a contract that is eligible for after-service health insurance and participate in an eligible health-care plan. Not all contract types are eligible for after-service health insurance. When a staff member meets these requirements, benefits under the after-service health insurance plans are attributed in proportion to the years of services from the date of hire until the full eligibility date, in accordance with the “straight line basis” method. The full eligibility date for those benefits is the later of age 55 and 5 years of credited service for staff hired before 1 July 2007 and the later of age 55 and 10 years of credited service for staff hired on or after 1 July 2007.⁵

45. As at 30 June 2019, of the total after-service health insurance liability of \$1.6 billion, \$0.5 billion was attributable to retirees, \$0.3 billion to fully eligible active staff members and \$0.8 billion to active staff members not yet fully eligible. Half of the liability currently stems from staff members who have not yet accumulated 5 or 10 years of participation. Thus, the entry-on-duty dates are crucial for accurately valuing the after-service health insurance liability.

46. The Board reviewed a sample of 25 personnel files at Headquarters to assess whether the entry-on-duty dates of active staff members submitted to the actuary were accurate.⁶ The Board focused its sample on staff members with relatively high age and/or a low index number⁷ but a relatively recent entry-on-duty date. Of the 25 sampled cases, 15 were incorrect, 6 were correct and 4 were inconclusive. In the 15 incorrect cases, the staff members had previous eligible years of service and health-care plan participation which were not captured by the entry-on-duty dates. In one of the cases, the personnel file even contained the printout of an email in which, upon the request of the staff member, the Health and Life Insurance Section confirmed that the staff member’s previous service at another United Nations entity (before the entry-on-duty date recorded in Umoja) counted towards eligibility for after-service health insurance. Four cases were inconclusive because the personnel file was incomplete.

47. The Board holds that the census data submitted to the actuary for the valuation of after-service health insurance liabilities is erroneous. As described above, the entry-on-duty dates often capture only the latest appointment but not previous qualifying periods of participation in a United Nations health plan. As a result, the

⁴ [ST/AI/2015/3](#), para. 7.10; see also [ST/AI/2007/3](#), para. 2.2.

⁵ Actuarial valuation as at 30 June 2019, p. 14, provided to the Board.

⁶ The total number of active after-service health insurance participants included in the valuation as at 30 June 2019 was 13,309. While the sample size seems small compared to the total number of active staff members, it was suited to detect systematic errors, as in the present case.

⁷ While no longer the case, index numbers used to be issued chronologically, meaning a low number indicated long service.

after-service health insurance liability is, in all likelihood, understated. The census data file is generated using Umoja human resources master data. The Board found the Umoja human resources data to be incomplete. So-called pre-Umoja assignment history data were often missing. It should be noted that the erroneous entry-on-duty dates might also affect the valuation of other employee benefits such as the repatriation grant.

48. The Administration needs to revise the entry-on-duty data, for example by reviewing personnel files, by using data from legacy systems (such as IMIS) or with the help of the third-party administrators/insurance programmes. Such enrichment of the human resources data in Umoja could be impeded by the fact that in some cases, personnel files are still being kept at the missions (even though they are supposed to be sent to Headquarters). In addition, the current elements of the census data are not well suited to reflect the variety of cases that may occur. The time-dependent eligibility is determined on the basis of entry-on-duty dates. However, there are cases where staff members interrupt service and rejoin the United Nations at a later date. Also, staff members often join the United Nations on a contract that does not count towards after-service health insurance liability. In these cases, the entry-on-duty date might be chronologically correct, but it is not suitable for valuing the after-service health insurance liability. For the after-service health insurance valuation, a data field such as “accumulated qualifying months of participation” would be useful.

49. The Board recommends that the Administration correct erroneous staff service and participation data which it has already forwarded to the actuary for the valuation of the after-service health insurance liability, and correct the employee benefits liabilities in the financial statements.

50. The Administration accepted the recommendation. To urgently address the deficiency in additional qualifying periods, the Administration reviewed the initial entry date of active staff members in the United Nations Joint Pension Fund and recognized that the average additional service period was 1.65 years per staff member. A top-down adjustment using the additional qualifying period resulted in an increase of \$100 million, which is reflected in the financial statements. Going forward, the Administration will gather the actual periods of participation in the United Nations health plans, verified by both staff members and United Nations system entities, and use such updated census data for the next full actuarial valuation to be undertaken as at 31 December 2021.

Significant weaknesses regarding payments for security measures

51. Cash payments should be limited to the extent possible and need to be authorized according to rule 104.10 of the Financial Regulations and Rules. The Board assessed payments for residential security measures. Heads of entities may approve such measures for staff in certain duty stations in a mission. Usually, residential security measures include so-called cost-based elements. One of those elements is the eligibility of staff members for reimbursements regarding the costs of engaging security guards under a direct contract. The reimbursements are subject to the provision of supporting documents, for example receipt of payment. Commonly, staff members pay for the security services and are subsequently reimbursed by the mission. Since 1 June 2015, the reimbursements have been part of the monthly payroll process administered through Umoja.

52. The Board initially reviewed reimbursements for residential security measures at four large missions (MINUSMA, MONUSCO, UNAMID and UNMISS). In total, \$5.3 million in reimbursements was paid in 2018/19 at the four missions. MINUSMA and MONUSCO each reimburse up to \$1,200 monthly for security guards at all

mission duty stations. The Board initially reviewed a sample of 10 staff members who received reimbursements in 2018/19. The Board identified considerable weaknesses.

53. The Board noted that staff members regularly paid the security companies in cash. As staff members disburse cash for residential security measures and receive reimbursements through their monthly salaries, the missions do not make cash payments themselves. However, this setup entails links the disbursements to the missions. Indirectly, the missions make these cash payments. Cash on hand and the processing of cash are risk factors for fraud, as they increase the perceived opportunity to commit fraud.⁸ The current practice of reimbursing cash payments for residential security measures bears the risk that staff members may collaborate with security companies. It increases the risk that security companies could offer to issue payment receipts for the full amount even though they received only a partial amount.

54. The maximum reimbursement for residential security measures per staff member per year adds up to a substantial amount. Upon further review, the Board learned that one duty station reimburses up to 1.16 million CFA francs (approximately \$2,000) per month. The Board holds that alternative means of payment for residential security measures should be considered. The missions themselves could pay the security companies using a bank transfer, or could simply not reimburse staff members who pay security companies in cash. In addition, the procurement section of each mission could review the security providers for each duty station and determine a price limit per security guard in advance. In so doing, price differences between duty stations could also be factored in, for example between Kinshasa and a remote field location in MONUSCO. Currently, the same amount applies to the entire mission area.

55. Furthermore, the sample showed that staff members receive reimbursements without providing up-to-date supporting documents, and some staff members do not provide any documentation. According to financial rule 105.4, expenses require at least two authorizing signatures, in either conventional or electronic form. Pursuant to rules 105.5 and 105.6, certifying and approving officers must maintain detailed records of all expenses and must be prepared to submit supporting documents. Often, a contract and a payment receipt were initially submitted when residential security measures reimbursements were granted, but in many cases the reimbursements then continued without the staff member providing supporting documents for subsequent months. In some cases, no supporting documents at all were on record. In addition, hand-written receipts were accepted as proof of payment.

56. In the most alarming cases, the reimbursements were granted with an end date of 31 December 9999. As reimbursements for residential security measures have been administered through the Umoja payroll system since 1 June 2015, these monthly payments are set up to run in perpetuity as part of monthly salaries. Apart from four cases in the initial sample, upon further cursory review the Board identified five more staff members whose reimbursements were set to run indefinitely – and in those cases it was particularly doubtful whether the payments were justified. In one case, a staff member moved to a new duty station in New York in 2018. Until the issue was uncovered by the Board's audit in November 2019, the staff member received monthly residential security measures reimbursements of approximately \$300, granted a few years earlier during an appointment in an African country. The Board holds that such cases call for a comprehensive review and possibly an investigation. Beyond that, it should not be possible to configure recurring payments in Umoja to run in perpetuity.

⁸ International Auditing and Assurance Standards Board, "International Standards on Auditing 240", para. A1 and appendix 1.

57. **The Board recommends that the Administration strengthen internal controls to prevent potential fraud related to reimbursements for residential security measures, and scrutinize security companies as well as the pricing of security services.**

58. The Administration accepted the recommendation and stated that it was currently in the process of documenting the internal controls related to reimbursements for residential security measures. The Administration further noted that the recommended internal controls would be provided to the peacekeeping missions for implementation.

59. **The Board recommends that the Administration perform a review to identify cases where staff members were unjustifiably granted monthly reimbursements for residential security measures until the year 9999, reclaim payments where necessary and take measures to avoid any such incidents in the future.**

60. The Administration accepted the recommendation and stated that it had started taking corrective measures and modifying the end date to stop future payments. The Administration commented that the recovery of overpayments was gradually being made, since staff members had to be informed of any impending deductions from their salaries. Moreover, the Administration stated that a comprehensive review would be undertaken to identify and rectify any other cases with perpetual end dates. The Administration further noted that the observations required wider consultation for change processes that had an impact not only on client missions of RSCE, but also on other field missions. In this regard, a steering committee in the Department of Operational Support would work with the client boards of both RSCE and KJSO to address client needs and engage other stakeholders, such as the Umoja team, where necessary.

Internal controls for payment of entitlements

Settling-in and relocation grant

61. In accordance with staff rule 7.14 (a) of the Staff Regulations and Rules of the United Nations, the settling-in grant is intended to provide international staff with a reasonable amount of cash at the beginning of an assignment for costs incurred as a result of the appointment or assignment. A staff member is entitled to the settling-in grant when the staff member has been authorized to proceed on travel involving relocation and when the period of service at the new duty station is expected to be for at least one year (staff rule 7.14 (e); [ST/AI/2016/5](#), para. 1.5).

62. The amount granted is the sum of:

- (a) 30 days of daily subsistence allowance at the daily rate of the duty station on the date of arrival for the applicant;
- (b) 30 days of daily subsistence allowance at half the daily rate for all accompanying family members;
- (c) A lump sum portion equalling one-month net base salary including post adjustment.

63. For assignments of less than a year, settling-in grants are also paid. The decision to treat the assignment as a change in duty station and pay the settling-in grant is taken at the beginning of the assignment and normally communicated to the staff member through an assignment letter. When the assignment to a new duty station is for less than one year, deductions to the daily subsistence portion apply ([ST/AI/2016/5](#), paras. 1.8 and 6.2). When a staff member returns to a location at which the staff member was previously stationed after less than a year of absence,

and where a settling-in grant had been paid, deductions to the full grant apply (staff rule 7.14 (f)).

64. The relocation grant is intended to reimburse the cost of shipment for movement of personal goods (staff rule 7.16 (a)). Instead of reimbursing the actual shipment costs, a lump sum amount can be paid. In accordance with [ST/IC/2017/35](#), the single rate is \$13,000 and the family rate is \$18,000. For appointments of less than one year, the lump sum amounts to \$1,500.

65. In the financial year 2018/19, 1,461 staff members received relocation grants totalling \$13.74 million. In addition, an amount of \$0.14 million was recovered. Also in 2018/19, 1,467 staff members received settling-in grants totalling \$18.32 million, and an amount of \$0.27 million was recovered.

66. The Board reviewed the settling-in and relocation grants disbursed. The Board requested the assignment letters related to four changes in duty stations during the financial year 2018/19 that lasted less than a year. In one case, the duration was stated, in another case only the start date was determined. In two cases, the Board did not receive the assignment letters. In addition, the Board could not identify the duration of the assignments in Umoja.

67. Furthermore, the Board found that the calculations of the settling-in grants and related deductions were not recorded in Umoja. The Board requested clarification on five cases of settling-in grant payments that were questionable owing to missing deductions, and received Microsoft Excel-based computation forms. The Board found that one staff member received, instead of a proportionate amount, the full lump sum of \$9,166.80 for a change in duty station that lasted seven months. For three of the five cases, the Administration confirmed missing deductions and initiated recoveries.

68. The Board further requested information on control mechanisms for the payment of relocation grants and settling-in grants. The Board did not receive any documents. The Administration stated that it was currently in the process of documenting internal controls related to settling-in and relocation grants.

69. The documentation for the cases reviewed did not clearly state the duration of the assignments. In cases of changes in duty station planned for less than a year, the decision to pay a settling-in grant must be documented properly. Furthermore, settling-in or relocation grants paid above the amount for which the respective staff member is eligible should be recovered within a reasonable period of time. In the cases observed, the calculation of deductions made was not clear. The timing of deductions also differed between the cases observed.

70. The Board recommends that the Administration prevent incorrect settling-in and relocation grant payments by establishing internal controls, especially with regard to the duration of the respective assignments.

71. The Administration accepted the recommendation.

Danger pay

72. Danger pay is a special allowance established for internationally and locally recruited staff who are required to work in locations where dangerous conditions prevail. Danger pay is paid monthly for all the days that the staff member is physically present in the designated danger pay duty station. For periods of less than one month, the amount of danger pay is prorated on the basis of 365 days.

73. Primary responsibility for maintaining accurate records of absences in Umoja rests with the individual staff member. By default, danger pay is paid at the full monthly amount. RSCE is responsible for retroactively adjusting payments for danger pay on the basis of absence data recorded in Umoja. RSCE adjusts the monthly danger

pay allowance retroactively while processing the staff payroll for the following month.

74. The Board found that RSCE did not review the absence reports for any changes in the month following their initial rendering. However, staff members were allowed to retroactively record leave such as annual leave for up to three months. Staff members could change their absence data after RSCE had adjusted the danger pay for the month.

75. The Board compared the annual leave days recorded in the absence reports used by RSCE with the most recent absence data recorded in Umoja.⁹ The Board found various differences showing that staff had changed or recorded absence data after RSCE had adjusted the danger pay allowance. For example, the MINUSMA absence report for January 2019 recorded 12 leave days for one staff member from 13 to 24 January 2019. The Umoja records as at 18 June 2019 showed 15 days of annual leave from 7 to 25 January 2019. As the danger pay allowance was only adjusted once for each month, RSCE was not aware of subsequent changes to leave records.

76. The Board notes that the timely adjustment of the danger pay allowance is in the interests of both the Organization and the staff member. However, the time frame for entering or editing leave requests retroactively in Umoja is three months. An adjustment of the danger pay allowance immediately in the following month leads to RSCE reimbursing leave days for which danger pay is not payable. The Board holds that RSCE should determine when to best review attendance records to adjust the danger pay allowance to ensure accurate payments.

77. The Board recommends that the Administration change the danger pay allowance process to ensure that every absence of staff leads to a danger pay adjustment.

78. The Administration accepted the recommendation. It stated that it was in the process of testing a new danger pay workflow, which would require staff members to claim danger pay on the basis of their presence at the mission. When the workflow was rolled out, danger pay would not be disbursed automatically in advance.

Dependency allowance

79. Staff members serving under the Staff Regulations and Rules of the United Nations are eligible for dependency benefits, subject to conditions in accordance with the administrative instruction on dependency status and dependency benefits (ST/AI/2018/6). When two staff members, or a staff member and a staff member of another organization of the United Nations common system, are the parents of a child or children, only one parent may claim dependency benefits for the dependent child or children. RSCE is responsible for processing such benefits in Umoja for peacekeeping.

80. In May 2019, the Board reconciled the list of staff members with the list of dependants and generated a list of international staff whose spouses were also working within the Secretariat. The Board identified 36 spouses and noted that:

(a) Ten staff members did not have their spouses recorded as working for the United Nations, though the spouses did work for the Organization;

(b) Six staff members did not have their spouse's index number registered, even though a spouse working for the United Nations was recorded;

(c) In eight cases, the spouses working for the United Nations had no family data recorded in Umoja.

⁹ Data retrieved as at 18 June 2019.

Without such information, RSCE cannot prevent duplicate payments for dependants. In one case, the Board could even identify an overlap in the receipt of dependency allowance. RSCE concluded that the dependency allowance should have been curtailed.

81. The Board notes that staff members with dependants may be working at an organization in the United Nations common system that does not use Umoja. Currently there are no lists available of staff working in the common system or any form of related data exchange between United Nations organizations. The Board holds that this organizational risk should be addressed.

82. The Administration should use the available data recorded in Umoja to identify potential duplicate claims by staff for dependency allowances. In addition to the information provided by staff members, the Administration should conduct periodic monitoring and compliance exercises to verify, to the extent possible, the accuracy of the data and information provided by staff members.

83. The Board recommends that the Administration strengthen internal controls to ensure appropriate dependency allowance payments by using Umoja and United Nations systems-wide data.

84. The Administration accepted the recommendation. It stated that the policy on dependency allowance mentioned that the office responsible for administering the entitlements of staff members was responsible for conducting periodic monitoring and compliance exercises to verify the accuracy of data. In addition, the Organization conducted global periodic reviews of dependency benefits through the annual declaration. Lastly, staff members also had a responsibility in this matter as they were obliged under staff rule 1.5 to promptly notify the Organization, in writing, of any changes.

85. As indicated above, the mechanisms outlined by the Administration are not sufficient. Necessary information has not been recorded for all spouses working for United Nations entities that use Umoja. Furthermore, no mechanism has been available to compare data with other United Nations entities that do not use Umoja. The Board considers it crucial that the Administration strengthen the internal controls.

Unsatisfactory management of bank accounts

86. Bank accounts must be operated in line with the Financial Regulations and Rules of the United Nations. With the delegation of authority, the responsibility for the opening and closing of bank accounts and the monitoring of an exchange of currency remains with the Department of Management Strategy, Policy and Compliance. The Administration performs monthly reconciliation with bank balances kept in Umoja. For this exercise, banks are to provide prompt statements.

87. The Board received two lists of bank accounts used by the Organization as at 30 September 2019. One list contained 262 house bank accounts, some used for peacekeeping operations and others used for other United Nations entities. The other list contained nine bank accounts not included in Umoja that did not participate in the cash and investment pool. For all of the accounts, the Board compared the closing balances as at 30 June 2019 in Umoja and the closing balances according to the bank statements. The results were discussed with both the Financial Policy and Internal Controls Service and the Financial Risk Management Service.

88. In November 2019, the Financial Policy and Internal Controls Service provided a revised list of house banks that included 311 bank accounts. Of those, 263 bank accounts were named as “open accounts” and 44 as “closed accounts”. Four accounts were called “United nations dummy Bank for Cash and UNDP Payments”, and did not include a bank account number or a bank key. The Board noted that two bank

accounts that had not been listed in Umoja were included in the revised list of house banks. One of the accounts had a balance of over \$1.0 million.

89. Concerning the maintenance of bank accounts, the Board noted that two bank accounts had been inactive since December 2016 and February 2017, respectively. In two other cases, bank accounts had been opened in September 2017, but no transactions were recorded. While the Financial Risk Management Service considered closing the four bank accounts, the Financial Policy and Internal Controls Service commented that the bank accounts were open or in implementation.

90. Another open account in the revised list of house banks and in Umoja was maintained in Venezuelan bolívares fuertes (VEF).¹⁰ The bank statement, however, showed a closing balance in Venezuelan bolívares soberanos (VES), not VEF.¹¹ VEF was the currency of the Bolivarian Republic of Venezuela before the country enacted a monetary reform in 2018 that changed it to VES. The Administration stated that the bank statements were not uploaded in Umoja owing to the change in the currency as at 20 August 2018. The Financial Risk Management Service commented that the bank account could be closed.

91. The Board found clearance issues concerning two bank accounts at the same bank for which Umoja and the Administration provided only one closing balance.¹² However, the Administration claimed that the accounts were for different kinds of payments. The Financial Risk Management Service raised the question as to whether one account had been replaced by the other. Umoja did not list a bank balance for two other bank accounts, which were open accounts according to the revised list of house banks. The latest bank statements dated from October 2018 and showed balances for both accounts. The Financial Risk Management Service stated that the accounts could be closed.

92. With regard to bank statements, the Administration stated that in over 90 per cent of all cases, Umoja reconciled the balances of the accounts with the submitted bank statements automatically. In the remaining cases, the Administration performed the reconciliation manually. The Board noted that the Administration did not reconcile the bank balances of three bank accounts on a monthly basis, but instead reconciled them between two and five months after the financial year-end closing. In two cases the banks did not provide the statements because they did not have the ability to submit bank statements electronically. The bank statements had to be requested and entered manually.

93. The Administration claimed it managed and reviewed the bank accounts and balances daily. Still, the Board noted deficiencies in the management and reconciliation of some bank accounts. With regard to the liquidity problems that the United Nations reported, the Board emphasizes the need for an accurate overview of the bank accounts. This includes their total number, their balances and their transactions. It is necessary to close inactive bank accounts and update them after changes of currency. Clearance issues related to differing balances between bank statements and Umoja closing balances need to be resolved urgently. Reconciliation of bank balances was either overdue or impossible, as the banks did not provide the statements. The submission of bank statements upon request causes further effort and more delay before reconciliation is possible. The Administration needs to strengthen efforts to manage bank accounts in accordance with the Financial Regulations and Rules of the United Nations.

¹⁰ Balance of VEF 62,338.65 as at 30 June 2019.

¹¹ Balance of VES 180 as at 17 August 2018.

¹² Balance of \$471,242.76.

94. The Board recommends that the Administration close inactive bank accounts, include all bank balances and currencies during periodic verification and demand bank statements for monthly reconciliation.

95. The Administration accepted the recommendation and announced that it would close six bank accounts, update the account after the currency change and take action concerning bank statements.

Lack of disclosures in the financial statements concerning heads of missions

96. IPSAS requires the disclosure of certain information in the notes to the financial statements for accountability purposes. One principle issue concerning related party disclosures (IPSAS 20) is identifying which parties control or significantly influence the reporting entity. According to IPSAS 20, key management personnel are persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity. Key management personnel are related parties.

97. With the new delegation of authority framework ([ST/SGB/2019/2](#)), the Secretary-General delegated authority to the heads of entity of the peacekeeping missions. As at 1 January 2019, Special Representatives of the Secretary-General as heads of entity in peacekeeping missions are, to a varying extent, responsible and accountable for budget and finance, procurement, property management and human resources. Note 25, Related parties, to the financial statements encompasses key management personnel. As defined in the notes, key management personnel have the ability to exercise significant influence over the financial and operating decisions of the peacekeeping operations. The key management personnel group for peacekeeping operations comprises 11 persons at Headquarters. The leaders of the peacekeeping missions as heads of entity at the level of Under-Secretary-General are not named in the group of key management personnel. Neither their remuneration nor potential so-called related party transactions with them are disclosed in the notes to the financial statements.

98. The Board holds that, as a result of the new delegation of authority framework, the authority of the heads of entity of peacekeeping missions as Special Representatives of the Secretary-General was strengthened. The Special Representatives now hold significant parts of the authority and responsibility for planning, directing, and controlling the activities of the reporting entity. Where they meet this requirement, key management personnel include the senior management group of the reporting entity. The Board holds that heads of entity of peacekeeping missions fulfil these criteria and therefore are key management personnel. The disclosures required by IPSAS 20 for these persons should be included in the financial statements as well.

99. The Board recommends that the Administration consider the heads of entity of peacekeeping missions as key management personnel in accordance with IPSAS 20 and include all relevant disclosures for this group in the notes to the financial statements.

100. The Administration accepted the recommendation and committed to conducting a comprehensive review, to be implemented with the financial statements for the period 2019/20.

4. Military component

Skills and training of troops

Troops should have basic military skills when they are deployed to missions

101. Troop-contributing countries are reimbursed for providing troops to missions. Any unit is the object of a predeployment visit in its home country. The predeployment visit is conducted by a team comprising key staff from the Department of Peace Operations/Office of Military Affairs, the Department of Operational Support and the mission. This team visits the troop-contributing countries and verifies that the troops and equipment meet the required United Nations standards. Shortfalls, if any, are indicated and commitment is sought from the troop-contributing countries to rectify any deficiencies within a specified time frame.¹³

102. Training of infantry battalions is the responsibility of the troop-contributing country. United Nations infantry battalions are normally regular or composite infantry units trained by the national training systems within the parameters set by the Integrated Training Service of the Department of Peace Operations in consultation with Member States. Therefore, peacekeeping training is administered to an infantry unit already capable of undertaking a full range of tasks.¹⁴ The United Nations infantry battalion manual suggests a timeline for the training programme of an infantry battalion. Reinforcement on basic/common infantry capabilities and skills as applicable to peacekeeping are the first step to be taken and fall within the responsibility of the home country. Three further steps regarding training and field exercise that are more specific to the needs of the United Nations follow before the mission takes over. Preferably, a United Nations infantry battalion pending deployment should have completed step 4 a minimum of two weeks prior to actual deployment.¹⁵

103. The Secretariat issued a standard operating procedure entitled “Force and Sector Commander’s evaluation of subordinate military entities in peacekeeping operations”, which describes a process by which Force and Sector Commanders should monitor, evaluate and improve subordinate unit performance in peacekeeping operations in the missions.¹⁶ Units should be evaluated in compliance with the sample checklists in annexes B and C of the standard operating procedure,¹⁷ while annex B says that the Force Commander has full freedom to modify the checklist and develop a more quantified evaluation system.

104. The Board asked all Force Commanders of the missions for the troop evaluation reports they had issued since July 2018. The Force Commanders transmitted 183 online reports of evaluated units from July 2018 to September 2019.

Some troops receive best grades even if they do not possess basic military skills

105. The Board found that all missions evaluate their units differently, as allowed by the standard operating procedure, and that no mission had defined the minimum requirements a unit would have to meet. In addition, missions did not differentiate

¹³ United Nations, “United Nations infantry battalion manual”, Vol. I, para. 9.4.5.

¹⁴ Ibid., para. 10.1.

¹⁵ Ibid., para. 10.6. Step 1: Reinforcement on basic/common infantry capabilities and skills as applicable to peacekeeping; step 2: Training on United Nations peacekeeping capabilities and skills; step 3: Training on mission-specific capabilities and skills (including scenario-based training for subunits and below); step 4: Conducting a battalion mission-specific field exercise.

¹⁶ United Nations, “Standard operating procedures: Force and Sector Commander’s evaluation of subordinate military entities in peacekeeping operations”, A.1, p. 2.

¹⁷ Ibid., D.13, p. 6.

between unit types: they evaluated artillery, engineers, hospitals, etc., according to similar criteria. They did not examine whether the specific skills required were met.

106. A total of 172 evaluated units achieved the highest or second-highest grade possible even though the missions' evaluation teams identified fundamental deficiencies in the troops' skills:

(a) MONUSCO evaluated 49 units and found that 9 out of these were not able to handle their weapons to the satisfaction of the evaluation team, and 19 out of these were not able to perform casualty evacuation or first aid exercises satisfactorily. Still, all these units were graded "above average", "optimum" or "excellent", as they scored well in other areas such as accommodation, welfare measures, storage, logistics, etc.;

(b) MINUSCA awarded "excellent" and "satisfactory"¹⁸ grades, although it found that either weapons were not well maintained and not in good condition, discipline standards were not enforced, personnel were not trained in basic first aid or not all officers understood the mandate of the Mission;

(c) MINUSMA awarded "good" grades although troops did not master their weapons drills or first aid/casualty evacuation exercises.

107. According to Security Council resolution [2436 \(2018\)](#) and the infantry battalion manual, missions have both the right and the duty to claim that troop-contributing countries units are trained in basic skills when they are deployed. The handling of weapons and the ability to administer first aid or to perform casualty evacuation procedures are among the most basic infantry skills. Not knowing how to handle a weapon has the same effect as having a poor weapon. A lack of these skills impairs operability just as a lack of proper equipment does. The Board does not see how any unit which cannot be trusted to exercise these basic combat abilities may still be judged "above average", let alone "optimum" or "excellent", as it cannot be trusted to go into combat without a severe risk of suffering casualties. Basic military skills must be a precondition and should not have to be compensated by in-mission training, especially since the majority of military units in peacekeeping operations have only a one-year tour of duty. The Administration needs to define which basic military skills every United Nations soldier must have before deployment. In addition, it needs to specify which further skills soldiers of different types of units must have.

108. The missions agreed with the Board's findings; MONUSCO pledged to stipulate in the future that if it is established that the lack of basic skills such as weapons handling or first aid/casualty evacuation procedures is attributed to more than 40 per cent of a unit's personnel, the unit should be considered "unsatisfactory".

109. The Board recommends that the Administration define minimum basic military skills which every United Nations soldier must have before deployment. In addition, it needs to specify which further skills soldiers of different types of units must have. These requirements should apply to all missions and be evaluated according to standardized criteria.

110. The Administration accepted the recommendation.

Evaluation could be improved if done by an independent, sufficiently staffed and mandated United Nations Headquarters team

111. On 19 November 2018, the Under-Secretary-General for Peacekeeping Operations (the Under-Secretary-General for Peace Operations as at 1 January 2019) established a military performance evaluation task force. The task force is resource-

¹⁸ The second-highest possible grade at MINUSCA.

neutral: two posts are funded by Member States, and other Office of Military Affairs staff support the task force part-time while also covering their day-to-day work.

112. The task force is mandated to validate operational readiness by conducting individual and collective military skills validations during predeployment visits as part of the predeployment visit team.

113. The task force concluded, inter alia, that common standards for military skills validation and performance evaluation are needed and that performance evaluation ratings need to be specified. The task force intends to establish an integrated “data-based” platform to conduct a more data-based performance evaluation.

114. Furthermore, the task force has already conducted predeployment visits using different scenarios and introduced a new set of qualitative as well as quantitative and measurable criteria in order to achieve a more objective result. The task force also sets up checklists of specific indicators and criteria for distinct units such as infantry (considering, e.g., the infantry battalion manual) or aviation. Using new scenarios and a set of new indicators/criteria, the task force assumes it will take some two to three days to evaluate a battalion. Regular participation by the task force in predeployment visits would lead to all units being validated by an independent team from Headquarters, which would lead to comparability across the missions.

115. The evaluation efforts of missions and the task force do not result in a reconsideration of troop deployment. For their own safety, soldiers need to be well trained. Without certain basic military skills, such as perfect weapons handling, troop-contributing countries and the United Nations run the high risk that soldiers will be harmed when deployed.

116. The Board recommends that the Administration give the military performance evaluation task force a higher priority and consequently reallocate posts to it so it can participate in every initial predeployment visit and participate in at least one out of four troop rotation predeployment visits.

117. The Board recommends that the Administration consult with troop-contributing countries to reconsider the deployment of a unit if the military performance evaluation task force identifies a lack of predefined basic military skills during predeployment visits.

118. The Administration accepted the recommendations. It stated that it would assess individual skills (shooting, buddy first aid and navigation) for soldiers and the collective skills of the unit for validation during predeployment visits. Requirements would be defined progressively by unit type. For already deployed units with reported performance gaps, the Administration stated that it had scheduled military skills validations in 2020 for four units, prior to their deployment, depending on rotation dates and the extent of the detected performance gaps.

119. The Administration stated it would make efforts to sustain and expand, if possible, the extrabudgetary funding currently necessary to support the military performance evaluation task force. It was making arrangements to present a cost-neutral proposal to establish the task force as part of the support account for peacekeeping operations.

120. The Administration explained that minimum basic military skills were defined in the guidelines on operational readiness preparation for troop-contributing countries in peacekeeping missions of December 2016. In 2019, it had defined detailed standards related to individual and collective military skills. The result of the assessment conducted during the predeployment visit was shared with the troop-contributing country and the deployment of the unit would be based on this result. The Administration would work with the troop-contributing countries to ensure that

shortcomings were addressed whenever possible; the deployment would be reconsidered in consultation with the troop-contributing country if the country could not address the shortcomings.

A mission's mandated special military unit of 2,800 soldiers for offensive operations

121. The Security Council mandated a mission to use a special military unit of some 2,800 soldiers to conduct offensive operations against armed groups to protect civilians. The 2018/19 budget for this unit was \$70 million. The mission's overall contingent comprised some 16,000 soldiers. In answer to the Board's request, the mission stated that the unit did not carry out any offensive operations in 2019; however, United Nations Headquarters stated that the unit had conducted its last offensive operation in February 2019.

122. The mission had stated to the Board that military operations were subject to risk assessments, and mission leadership had identified a very high risk for civilian casualties during and after the special military unit's operations. The number of civilian casualties could further increase as a result of subsequent retaliatory action by the targeted armed group.

123. At the end of October 2019, the Secretary-General reported to the Security Council that the mission's strategic review contained a useful re-examination of the mission's military mandate and its mandate to protect civilians. He explained that efforts to enhance the impact and effectiveness of the mission's military component would be guided by a whole-of-force and whole-of-mission approach with the protection of civilians at its core.

124. The Board concludes that the special military unit of 2,800 soldiers did not fulfil its mission to protect civilians, as it did not conduct offensive operations but incurred annual expenses of \$70 million. The Board welcomes the intention of the Secretary-General to enhance the mission's military component's impact and effectiveness. The special military unit, in particular, should be at the core of the announced enhancement initiative as soon as possible, to avoid further unnecessary expenses. The Board is of the view that information regarding the unit's activities should be consolidated by Headquarters and the mission to ensure that they each have the same information.

125. The Board recommends that the Administration review the impact and effectiveness of the \$70 million budget for the special unit; it should report the result to stakeholders before the new budget cycle starts.

126. United Nations Headquarters did not accept the recommendation, as it seemed to suggest that the unit had never been under review. In a report to the Security Council in 2018, the Secretary-General had reported on an assessment of the special unit and outlined his recommendations for the unit's reconfiguration. These recommendations, as well as subsequent assessments, had served as a basis to engage the concerned troop-contributing countries in improving the operational effectiveness of the unit by September 2018. Headquarters stated that it had also deployed an independent expert, after alleged attacks from armed groups, to assess the ability of the mission's Force, and in particular the ability of that unit. Results were to be presented to relevant stakeholders in January 2020.

127. The Board notes that Headquarters did not provide any rationale as to why it rejected the Board's review recommendation. The Board assumes that the independent expert will conduct such a review. The unit has not protected civilians, which is the essence of that mission's mandate. Furthermore, Headquarters and the mission have differing accounts of when the unit conducted its last offensive

operation. These issues require a comprehensive review of the unit as soon as possible, in the Organization's own interest.

Troop deployment and performance

A battalion remained in the host country's capital and thus did not protect civilians in conflict-affected areas

128. A battalion remained deployed in the capital of the host country, even though the mission had shifted its operations to another region. The Board found that this battalion's presence in the capital was not due to a strategic decision by the mission, but rather to a request from the host country's Government. According to the mission, the battalion acted as a deterrent to anti-government insurgencies. It also provided protection to United Nations personnel, allied agencies, installations and equipment.¹⁹

129. According to its weekly travel advisory, the Department of Safety and Security assessed the security level in the capital as low (2), the same level as, for instance, Geneva or Berlin. The Department consistently estimated the security level as moderate (3) or substantial (4) in the conflict-affected areas of the country.

130. The Board holds that the very stable security situation in the capital did not justify keeping the battalion in the capital, rather than deploying it to areas where it could protect civilians.

131. The Board recommends that the Administration deploy the maximum possible number of troops to protect civilians when demanded by the mandate.

132. The mission confirmed the findings and followed the Board's suggestion to adapt deployment to protection of civilians. It pledged to withdraw all troops from the capital and deploy 300 personnel from the battalion to a conflict-affected area. The other 150 personnel remained in the capital for the ongoing protection of United Nations personnel and facilities for the time being.²⁰

133. United Nations Headquarters did not accept the recommendation. It considered that deployments of troops were regularly reviewed in accordance with changes in mandate and operational requirements. Headquarters acknowledged that there could be a time lag in some reviews and redeployments. With regard to the specific case mentioned by the Board, the mission had reconfigured its footprint. The major part of the battalion (300 personnel) previously deployed in the capital was being redeployed to a conflict-affected area.

134. The Board notes that Headquarters did not provide any rationale for rejecting the recommendation. Protection of civilians is a key mandate of peacekeeping operations and justifies United Nations expenses for soldiers, which make up the biggest part of a peacekeeping budget. Headquarters did not question the reason for redeploying the major part of the battalion to a conflict-affected area. The Board commends the mission for implementing the Board's suggestion to move the battalion to where it was needed to protect civilians.²¹

Attack helicopters did not perform but remained in the mission, even though the mission requested their repatriation

135. The Office of Military Affairs identified, in a Statement of Unit Requirements from August 2013, a mission's demand for three attack helicopters. According to the Statement, the helicopters were required to operate for up to 50 flight hours per

¹⁹ Communication to the Board by the Special Representative of the Secretary-General of the mission, 28 October 2019.

²⁰ Ibid.

²¹ Ibid.

month. The helicopters were needed for activities such as providing fire support to ground forces; shows of force; armed escorts; area surveillance and reconnaissance missions; and providing fire support to search and rescue and extraction operations.

136. The selected troop-contributing country confirmed that the number, qualifications and flight experience of the crews would meet all standards specified in the Statement of Unit Requirements.

137. The mission inspected the helicopter unit in August 2018 and found that one of the three helicopters was unserviceable. It concluded that the lack of availability of spare parts and the frequent rotation of crews (air and ground) were the main barriers that kept the unit from displaying a better standard. The serviceability of the assets and support equipment needed improvement. The mission inspected the unit again on 20 May 2019 and found that the serviceability of the three helicopters still did not meet the standards specified in the Statement of Unit Requirements.

138. The mission asked Headquarters to repatriate the three helicopters, as the unit was not able to perform and their lack of availability had a severely negative impact on the mandate. Fire support and reconnaissance were required, but were not provided by the unit. The Board suggested to the mission that the attack helicopters be repatriated as soon as possible.

139. The mission confirmed the findings and accepted the Board's suggestion. It stated that it "agreed with the Board regarding the expeditious repatriation of the attack helicopters; the helicopters had ceased operations on 16 November 2019 and were planned to be repatriated by 31 December 2019. All these helicopters were removed from aviation inventory since November 2019. As of 6 January 2020, the helicopters were still in the Mission due to the non-cooperation of the troop-contributing country to repatriate them. Consultations between UN Headquarters and the Permanent Mission of the troop-contributing country were under way of the way forward. Attack helicopters were a critical enabler for the Force. As such, the overall attack helicopter capability must be retained but not this specific platform".²²

140. The Board holds that the unit has not met the standards of the Statement of Unit Requirements since at least August 2018. Although requested by the mission in a timely fashion, Headquarters has not initiated the unit's repatriation, leading to a severely negative impact on the mission's mandate implementation and avoidable expenses.

141. The Board recommends that the Administration support missions in ensuring that they have the units and equipment they need.

142. United Nations Headquarters did not accept the recommendation, as it considered that it already actively supported missions in ensuring that they had the units and equipment they needed. This was a collective process. Headquarters nevertheless recognized that the capabilities available and deployed would not always be optimal, in particular for capabilities such as helicopters.

143. Headquarters stated that the capabilities requirement remained, and that no alternatives were readily available. Attack helicopters remained a critical enabler for the mission's Force, even if the requirement had not been met through this specific platform. It had decided to retain the unit, on condition that the troop-contributing country gradually met the requirements. Owing to a lack of compliance, in November 2019 the attack helicopter unit was requested to cease operations and be readied for repatriation.

²² Communication to the Board, 9 January 2020.

144. In early December 2019, Headquarters agreed to maintain the attack helicopters in the mission area and to review the matter once it received the findings of the broader assessment conducted by an independent expert deployed to the mission in December 2019. Results were to be presented to relevant stakeholders in January 2020. Further discussions would be pursued with the troop-contributing country concerned following the assessment.

145. The Board notes that Headquarters has not met the mission's request for a functioning attack helicopter unit. It has ignored the mission's request to repatriate the non-operational helicopter unit. Headquarters has not trusted the mission's assessment, and it further delays the unit's repatriation at the mission's expense.

146. The Board holds that any country's troop and equipment contributions shall give missions the capabilities to implement the mandates of the Security Council. Attack helicopters, in particular, have a specific role in providing protection to a mission's own troops and avoiding casualties.

147. The Board's recommendation underlines the task of Headquarters to support missions. Headquarters must provide them with the capabilities to implement their mandates. Peacekeeping is implemented by the missions, not at Headquarters. The rejection of the Board's recommendation by Headquarters is not supported by any rationale.

5. Administration of troop contributions

Status of memorandums of understanding still needs improvement

148. Member States are asked to contribute military and police personnel as well as equipment required for each peacekeeping operation. A memorandum of understanding between the United Nations and the troop- or police-contributing country is established for every formed military or police unit deployed to a peacekeeping mission. The memorandum of understanding establishes the administrative, logistic and financial terms and conditions for the provision of personnel, major equipment and self-sustainment support services. A troop- or police-contributing country and the United Nations should make all efforts to sign a memorandum of understanding prior to deployment (A/72/288, chap. II.2). On the basis of standard rates predetermined by the General Assembly, contributing countries are reimbursed equally for providing the same generic types of personnel, equipment or self-sustainment services.²³ Reimbursement for equipment and services provided is contingent upon a signed memorandum of understanding. Troop reimbursement²⁴ starts after deployment even without a signed memorandum of understanding.

149. The Board appreciates that the Administration successfully reduced delays in outstanding memorandums of understanding and amendments since the implementation of the new Uniformed Capabilities Support Division in January 2019. However, in October 2019, in 13 cases, units from troop- or police-contributing countries had already been deployed on mission, even though the memorandums of understanding had not yet been signed. The Board found that one unit was deployed in October 2015 to MINUSCA, but the related memorandum of understanding was signed in February 2018.

150. In October 2019, the Board identified 44 memorandums of understanding for active missions with the status "drafted" or "in progress". The Uniformed Capabilities Support Division stated that amendments resulting from strategic reviews or decisions

²³ Self-sustainment consists of equipment and services provided by a troop- or police-contributing country to support a unit on a reimbursable basis.

²⁴ Troop reimbursement encompasses military and police personnel in the broader sense.

of respective Contingent-Owned Equipment/Memorandum of Understanding Management Review Boards required the concurrence of troop- or police-contributing countries and/or the relevant missions.

151. The Board found that at least nine memorandums of understanding had been “drafted” or “in progress” for more than one year. For instance, amendments of memorandums of understanding for commitments at UNIFIL had been pending at Headquarters for one to two years. The mission stated that, owing to the delay in amending the memorandums of understanding, the requirements of the mission had not been accurately addressed. The Board noted that UNSOS was facing similar problems with regard to several memorandums of understanding for its deployed units. UNSOS requested Headquarters to resolve long-standing differences identified between the memorandums of understanding and the level of compliance by countries regarding major equipment and self-sustainment.

152. The Administration could not provide an overview concerning the different cases of backlog or ageing, especially with regard to amendments. The finalization of outstanding memorandums of understanding and amendments is not solely under the purview of the Organization. Especially in cases where signatures are needed for new memorandums of understanding, the Uniformed Capabilities Support Division usually sends reminders, signed by the Under-Secretary-General for Operational Support, to the troop- or police-contributing countries.

153. With regard to the duration of the finalization of memorandums of understanding and amendments in the Uniformed Capabilities Support Division, key performance indicators are not yet in place. The Administration stated that key performance indicators were to be developed based on the first year of management reform experience.

154. The reimbursement of troop- or police-contributing countries can only be processed properly when memorandums of understanding are up to date. Therefore, the preparation and timely adjustment of memorandums of understanding are a priority. The Board acknowledges the efforts and the progress already made by the Uniformed Capability Support Division.

155. However, outdated memorandums of understanding may not reflect the actual requirements of missions. Consequently, the United Nations may be reimbursing contributing countries for troops and contingent-owned equipment that are not needed. Taking into consideration that some steps of the preparation of memorandums of understanding are under the purview of the troop- and police-contributing countries, the Uniformed Capabilities Support Division should put more emphasis on minimizing the backlog (the preparation of memorandums of understanding and amendments). The Board holds that management needs an overview of all cases of backlog, including information about ageing, the necessary process steps and the responsibilities. In any case, these data are needed to develop key performance indicators.

156. The Board suggests that the Administration encourage the contributing countries to sign the memorandums of understanding. The objective is still to sign all memorandums of understanding before deployment, and all amendments without months-long delays. Any delay may lead to the inappropriate deployment of contingent-owned equipment or troops and subsequently to a negative impact on mandate implementation.

157. The Board recommends that the Administration establish appropriate key performance indicators for the Uniformed Capabilities Support Division to ensure that it prepares the memorandums of understanding with troop- or police-contributing countries and the amendments on a timely basis.

158. The Administration concurred with the recommendation. The development of key performance indicators is the next objective, and an overview is prepared for referral on a periodic basis.

159. The Board recommends that the Administration engage with the troop- or police-contributing countries to minimize the backlog of pending memorandums of understanding and amendments.

160. The Administration accepted the recommendation. It commented that clear progress concerning the preparation of memorandums of understanding and amendments has been made. However, the Administration does not have the ability to enforce the signing of memorandums of understanding and amendments by contributing countries.

Troop-strength reporting in uniformed capabilities management still missing

161. In accordance with General Assembly resolution [72/266 B](#), the Uniformed Capabilities Support Division serves as a single point of contact for troop- or police-contributing countries on all administrative and logistical issues related to force generation, memorandums of understanding, contingent-owned equipment and reimbursement. Support is provided by the Umoja module on uniformed capabilities management, which manages all memorandums of understanding and their annexes and amendments, and reimbursement and payment activities for contingent-owned equipment and troops. Staff affected by the implementation of the new system include military and police planners, memorandum of understanding planners, claim calculators and field users in every mission. The latter enter data in the missions based upon verification reports. According to a document on the module published in December 2018, troop-strength reporting and payment modules were to be deployed during 2019.²⁵ In his eleventh progress report on the enterprise resource planning project, the Secretary-General highlighted as a key priority the standardization of the workflow in the field missions for troop-strength reporting to facilitate troop cost reimbursements. The functionality is expected towards the end of 2019 and in early 2020 ([A/74/478](#), paras. 55 and 56).

162. The Uniformed Capabilities Support Division deals with reimbursements and payments to troop- or police-contributing countries, which account for over 30 per cent of the total annual peacekeeping budget, amounting to \$2,625 million in fiscal year 2018/19.²⁶ Some \$1,500 million, or about 60 per cent, of that amount goes towards reimbursements for troops.

163. In June 2017, the functional requirements of the uniformed capabilities management module in Umoja for the end-to-end processes associated with troop- or police-contributing countries and troop-strength reporting were all considered to be high priority and described as essential (category “must have”).²⁷ In September 2019, the Department of Operational Support reported on the implementation of the new management paradigm.²⁸ As one part of the “expedited processing” of quarterly reimbursement claims to troop- or police-contributing countries, the Department had stated that it would “maintain ability to meet timelines for complex quarterly

²⁵ See https://umoja.un.org/sites/umoja.un.org/files/ucms_faq_-_final_-_13_december_2018.pdf.

²⁶ See note 23 to the financial statements. Expenses for contingent contracted services comprise reimbursements to countries that contribute troops and formed police units for personnel, equipment and self-sustainment services. The reimbursements are made at predetermined standard rates based on person/month and the generic types of equipment.

²⁷ Report received by the Board on troop- and police-contributing country payments and reimbursement-related business processes and functional requirements.

²⁸ Benefits status report as at 30 September 2019, provided to the Board by the Department of Operational Support.

payments of reimbursement (... 30 days for personnel)". However, the status report did not indicate any progress on troop-strength reporting or reimbursement. The Board noted that there were no entries or records concerning troop-strength reporting as of November 2019 in the uniformed capabilities management module. In addition, user manuals or standard operating procedures to accompany the process of data entry or the utilization of the system were not issued for either contingent-owned equipment or for troop-strength reporting.

164. In its previous audit report, the Board had recommended that the Administration take concrete actions to ensure accurate troop-strength reporting and subsequently monitor the actual implementation in all missions ([A/73/5 \(Vol. II\)](#), chap. II, para. 254). The Administration had concurred with the recommendation. However, in October 2019, the Administration stated that the troop-strength reporting and calculation functionalities were anticipated to be deployed by the end of 2020.

165. The Board acknowledges the steps taken to reach significant process improvements, with the Uniformed Capabilities Support Division serving as a single point of contact, and the processing of reimbursement-related issues in the uniformed capabilities management module interface in Umoja as one enterprise system. The Board holds that Headquarters engages in a solution that is ambitious in scope and timeline. The Uniformed Capabilities Support Division has significant relevance, as it is responsible for the reimbursement of troop- or police-contributing countries. To accomplish this, the Uniformed Capabilities Support Division depends on the functionality of the uniformed capabilities management module to deliver timely and accurate payments. The Board holds that the implementation of the troop-strength reporting module is overdue. The timeline for the implementation of this important module has been postponed to the end of 2020, even though this module has the highest monetary impact and is listed as a key priority in the eleventh progress report of the Secretary-General ([A/74/478](#)). Reasons for the delay, except for a reference to the general workload, were not presented to the Board. Moreover, the Administration had confirmed that troop-strength reporting suffers from proven deficiencies. In addition, the number of staff members at missions and Headquarters who deal with data and entries in the system is high. The Board holds that the preparation of staff with training sessions and a manual is necessary and overdue. In order to implement the troop-strength reporting module, and thereby improve the accuracy of reimbursements, as early as possible, the simultaneous preparation of documentation should be emphasized. The Administration should be aware that preventive measures to avoid errors in data entry or inaccuracies have to be taken. Internal controls concerning the manipulation of calculations on all levels must be implemented right from the start.

166. The Board recommends that the Administration implement the troop-strength reporting and reimbursement functions of the Umoja uniformed capabilities management module as soon as possible.

167. The Board recommends that the Administration develop a uniformed capabilities management users' manual for missions and provide training.

168. The Administration concurred with the recommendations. It stated that the modules would be developed and deployed by the end of 2020. Targeted training for field users would be developed as well. The holding of in-person training for field users was subject to the availability of funding.

Deductions to personnel reimbursements

169. In its resolution [67/261](#), the General Assembly changed the reimbursement framework to introduce proportional deductions to personnel reimbursements payable to troop- and police-contributing countries for absent or non-functional major

equipment.²⁹ The measure was aimed at improving the performance of troop- or police-contributing countries in this area, but essentially underscored that troop- or police-contributing countries should not be reimbursed fully for personnel who are not equipped to undertake intended operations. Deductions are applied proportionally on the basis of the reimbursement value of the absent or non-functional equipment. Deductions are restricted by the following provisions: a grace period of two consecutive verification quarters; a 10 per cent threshold in missing items before deductions are applied; and a 35 per cent ceiling on the amount that can be deducted from personnel reimbursement payments. The Assembly requested the Administration to notify expeditiously the troop-contributing countries in order to undertake corrective measures to fulfil their obligations in this regard.

170. According to the Contingent-Owned Equipment Manual, the Administration has to develop new policies, procedures and initiatives to give effect to General Assembly resolutions and other actions to improve reimbursement frameworks. The responsible division must analyse and assess trends and issues related to reimbursement rates and payments, and their impact on troop and police contributors ([A/72/288](#), chap. 10, paras. 30 and 32). The Uniformed Capabilities Support Division presented an analysis of troop- and police-contributing country reimbursement as at 29 May 2018.³⁰ The analysis was based on data from 2014 to the second quarter of 2016. The Administration had not evaluated more recent data. The analysis reported on deductions for gaps in contingent-owned equipment and on related key trends. Related recommendations were not included in the presentation. The analysis was for internal purposes only.

171. The Board evaluated the calculation of deductions in relation to the total reimbursements of the 16 contributing countries that had the highest troop or police contribution.³¹ Together, they contributed between 64 and 69 per cent of all troops, police and military experts from 2014/15 to 2018/19. The Board found that the amount of reimbursements and deductions developed differently among contributing countries. The Board analysed one country with high, one with medium and one with very low deductions (see figures II.II and II.III).

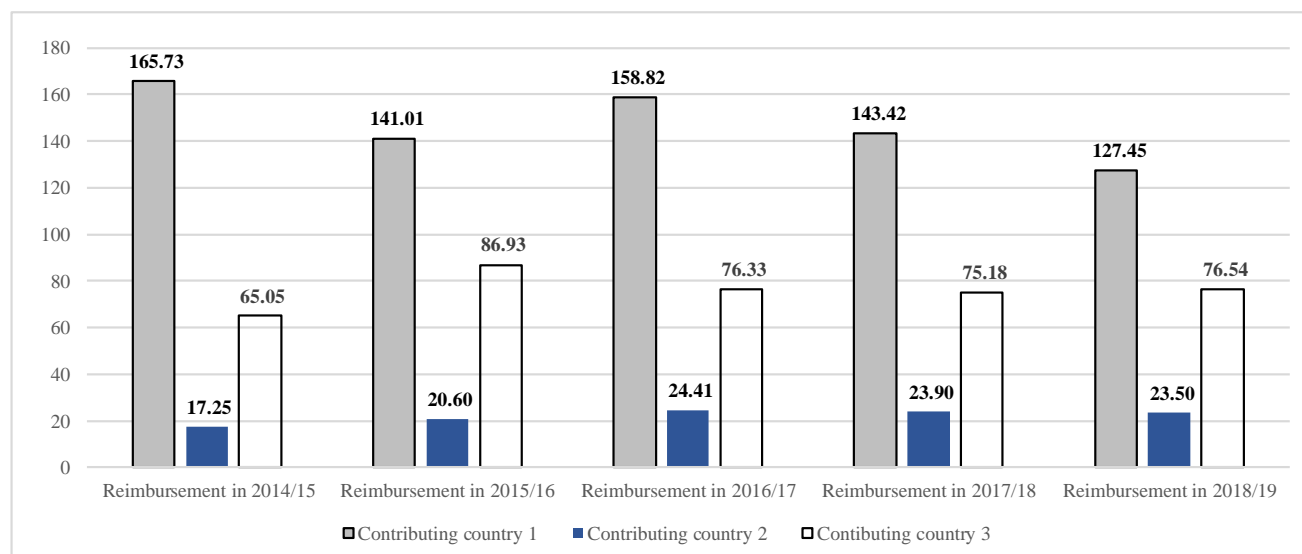
²⁹ Adopted 10 May 2013, effective after 31 October 2013.

³⁰ Presentation by the Field Budget and Finance Division.

³¹ Information provided by the Uniformed Capabilities Support Division upon request.

Figure II.II
Reimbursements to three contributing countries, 2014/15–2018/19

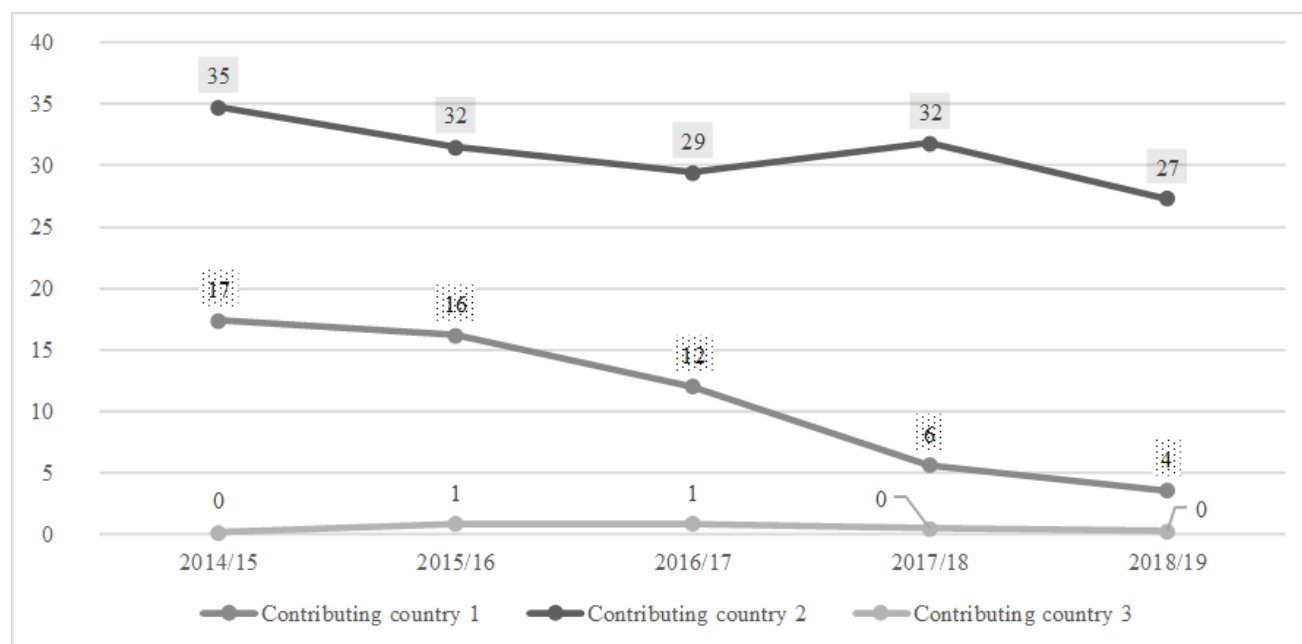
(Millions of United States dollars)



Source: Information provided by the Uniformed Capabilities Support Division upon request.

Figure II.III
Deductions to the total amount of reimbursements to three contributing countries, 2014/15–2018/19

(Percentage)



Source: Information provided by the Uniformed Capabilities Support Division upon request.

172. Contributing country 1 was one of the contributing countries with a medium amount of deductions. However, it managed to reduce the amount of its deductions over the past five years by 84 per cent. Contributing country 2 had the highest amount of deductions. Over the past five years, the country has had approximately the same

amount of deductions, showing little variance.³² Contributing country 3 had a very low amount of deductions, meaning it had a low amount of absent or non-functional major equipment.

173. Concerning the enforcement of deductions, the Board found long delays. For instance, for a unit deployed in October 2015, the related memorandum of understanding was signed in February 2018. As is the general practice, troop costs are reimbursed once the unit is deployed regardless of the status of the memorandum of understanding. However, contingent-owned equipment claims are calculated and reimbursed only after the memorandum of understanding is signed. In one mission, troop costs were reimbursed fully from October 2015 to February 2018, without deductions, despite a shortfall in contingent-owned equipment. The deductions totalled \$1.2 million for the period from 2015 to 2018 and were processed in October 2018. Since the troop-contributing country was no longer at the mission when the deduction was processed, the deduction had to be recovered from troop payments to the troop-contributing country at another, still-active mission. In another case, the Administration processed troop reimbursement payments for the period from May to July 2018 in September 2018, related to, inter alia, MINUSCA, MINUSMA, UNDOF and MONUSCO. Deductions from these payments amounted to \$10.1 million. The Board noted that the deductions for MINUSCA, UNDOF and MONUSCO related to absent or non-functional equipment in the year 2017 and thus were delayed; however, the deductions for MINUSMA related to shortfalls as far back as 2014.

174. The Board appreciates that Headquarters analysed the deductions for gaps in contingent-owned equipment, for example with regard to the key trends among units that had deductions. However, the latest data used were from the second quarter of 2016 and, considering that the date of the analysis was May 2018, the data were already outdated. Moreover, recommendations and actions taken after the analysis were not noticeable to the Board. The Board considers it important that, after the full implementation of the uniformed capabilities management module, regular evaluations using the most current data should be conducted.

175. The overview of the 16 contributing countries selected leads to several conclusions. Contributing country 1, in particular, began with a high amount of deductions, but managed to reduce the shortfalls and consequently the amount of deductions. Contributing country 3 had a low amount of deductions in relation to the amount of reimbursement, and the impact of the deductions on improving the country's contingent-owned equipment and thus increasing the reimbursement was not visible.

176. Contributing country 2 showed only little improvement. The average percentage of deductions over the years included in the total amount of its reimbursement was 31 per cent. This is high. Since the deductions remained at a high level for years, the Board considers it crucial that the Administration analyse the underlying reasons. The amount and the duration of the deductions may be an indicator of reduced readiness of these troops. Furthermore, this particular analysis indicates that there must be different reasons for the shortcomings of contingent-owned equipment and ways to address them. If the Administration's analysis confirms this, the Administration must develop a strategy to address the issue and ensure that necessary equipment is available.

177. The Board holds that an analysis with recommendations to address shortfalls could be of interest to the troop- and police-contributing countries, the Security Council and the General Assembly, as it may impact the implementation of mandates. It could be a starting point for an overall assessment of the impact of deductions and

³² The overall development rate from 2014/15 to 2018/19 was -0.05 per cent.

indicate ways in which the incomplete equipment of troops can be improved. Therefore, the analysis should include clear information about the interdependence between shortfalls in contingent-owned equipment and related deductions in troop reimbursements.

178. In addition, the Board holds that the Uniformed Capabilities Support Division should avoid any further delays in enforcing the deductions. The intention of deductions to reimbursements is an incentive for a troop- or police-contributing country to improve. Delays in deductions, especially for years, contradict the objective. The Administration should enforce deductions immediately after the fulfilment of the above-mentioned provisions.

179. The Board recommends that the Administration analyse the reasons for deductions and remind the troop- and police-contributing countries to meet the requirements of the memorandum of understanding.

180. The Board recommends that the Administration enforce deductions in troop reimbursements without delay.

181. The Administration concurred with the recommendations. It will analyse performance and associate it with the loss of reimbursement as a tool to guide planners in the capitals of troop- or police-contributing countries in a holistic way. With the improvements made to shorten the timeline for signature of memorandums of understanding, the issue of delayed deductions will be resolved.

6. Comprehensive performance assessment system

182. In its previous report, the Board provided an initial assessment on the development of CPAS and the need to align it with the request of the Security Council to centralize data streams related to the effectiveness of peacekeeping operations, including peacekeeping performance data, as stipulated in its resolutions [2378 \(2017\)](#) and [2436 \(2018\)](#).

183. According to the Administration, CPAS assesses the extent to which missions are achieving their mandates and having an impact on conflict situations. CPAS lets missions plan strategically and, on the basis of a context analysis, set more effective objectives and take evidence-based decisions, monitor and analyse performance throughout the year in an integrated manner across mission civilian and uniformed components, allocate resources to where they have the greatest impact on peace and conflict dynamics, and demonstrate the value of peacekeeping to host countries, Member States and other stakeholders.

184. The Administration rolled out CPAS to four missions: MINUSCA, UNMISS, UNIFIL and UNFICYP. MONUSCO and MINUSMA were to follow. In MONUSCO, the independent strategic review requested by the Security Council delayed the roll-out. The Administration planned to have CPAS rolled out to all peacekeeping missions by July 2020.

185. On 16 May 2019, the Board sent a questionnaire to all heads of peacekeeping missions requesting comments as to whether CPAS was useful in implementing the mission's mandate. The heads of the four pilot missions (MINUSCA, UNMISS, UNIFIL and UNFICYP) confirmed the usefulness of CPAS. The Head of Mission at MINUSCA stated that CPAS enabled the Mission to better define its results framework. CPAS improved performance analysis products, which supported senior leadership and senior management in decision-making at both the strategic and operational levels. UNFICYP found CPAS extremely useful in choosing ways to reprioritize the work of the mission. It brought more accountability to many facets of the mission's work and helped the mission with regard to reporting and briefings on impacts to the Security Council. UNMISS and UNIFIL stressed that CPAS facilitated

strategic planning through a comprehensive analysis of context and past performance; it could be a useful tool for translating mission mandates into strategic plans and informing the development of results-based budgets. MINUSMA and MONUSCO, as the following pilot missions, stated that it was too early to provide feedback on the impact of CPAS.

186. The planning phase initiates the CPAS cycle.³³ The Board reviewed the strategic planning capacities of peacekeeping missions to start the cycle, on the basis of their respective budgets for the financial year 2019/20. The seven largest missions assigned staff to strategic planning as follows:

- MONUSCO: 1 P-5, 1 P-4, 1 P-3
- UNMISS: 1 P-5, 1 P-4, 1 P-3, 1 UNV
- MINUSMA: 1 P-5, 1 P-3, 2 UNV
- MINUSCA: 1 P-5, 1 P-3, 1 UNV
- UNAMID: N/A
- UNSOS: N/A
- UNIFIL: D-1, Principal Coordination Officer

187. The Board observed during its audit visit to MONUSCO in August 2019 that the Strategic Planning Cell comprised only one officer at the P-4 level, which is contrary to its budget for 2019/20. This understaffing impairs planning capacities.

188. The Board is of the view that the Administration is heading in the right direction to implement the request of the Security Council, in its resolutions [2378 \(2017\)](#) and [2436 \(2018\)](#), to centralize data streams related to the effectiveness of peacekeeping operations, including peacekeeping performance data, by developing and implementing CPAS. CPAS will provide mission senior management with a planning and management tool for continuous use and effect. CPAS provides information on mandate implementation far beyond results-based budgeting. The Board acknowledges that the implementation of CPAS will take time, but the first feedback from the missions piloting the system gives a positive view of the support CPAS can provide to mission senior management regarding mandate implementation. As planning is the first phase of the CPAS cycle, and planning generally sets the basis for good management, missions need to ensure well-informed and holistic mandate implementation planning. For this, missions' Strategic Planning Cells need to be properly staffed and represent key mandate implementation staff and possibly the resident coordinator. On a case by case basis, it may be useful to have the respective resident coordinator be involved in mission strategic planning, as peacekeeping mandate implementation generally requires close cooperation with other United Nations development agencies in the country. The success of CPAS depends to a large extent on its acceptance and use by senior mission management. The Administration needs to convince senior mission management of the benefits of CPAS for mandate implementation.

189. The Board recommends that the Administration develop a generic mission strategic planning cell structure, representing key mandate implementation staff and possibly the resident coordinator.

190. The Board recommends that the Administration promote the use of the comprehensive performance assessment system by mission senior management.

191. The Administration accepted the recommendations.

³³ The CPAS cycle comprises four phases: planning and context analysis; data gathering; analysis and internal reporting; and decision-making.

7. United Nations reforms

United Nations management reform

192. The Advisory Committee on Administrative and Budgetary Questions stated that it looked forward to receiving information on the observations of the Board regarding internal financial controls in the context of the new delegation of authority framework in the 2018/19 audit report ([A/73/800](#), para. 22). One key element of internal control is the delegation, exercise and monitoring of authority. As one part of the management reform, the Secretary-General's bulletin on delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules ([ST/SGB/2019/2](#)) outlined a new framework for delegation of authority. In accordance with the framework, all previous delegations of authority were rescinded, and new delegations were assigned. The transition period ended on 30 June 2019. The Board reviewed the concept of the new delegation of authority framework and how the delegations of authorities were implemented and monitored.

Delegation of authority framework

193. The Secretary-General delegated authorities to heads of entities using standardized instruments. The delegation instruments cover the functional areas of human resources, budget and finance, procurement, and property management. The framework stipulates that head of entity means "the head of a department or an office, including an office away from Headquarters; the head of a special political or peacekeeping mission; the head of a regional commission; a resident or regional coordinator; or the head of any other unit tasked with programmed activities".³⁴ The Board noted that the framework does not provide any further criteria to determine the features and scope of an entity and does not include a list of entities' names.

194. RSCE and UNLB are service centres for peacekeeping missions within the Department of Operational Support. The Department of Operational Support specified that delegations of authority issued for the Department will encompass the management of funds allotted and staffing appointed to other Secretariat entities at Headquarters and in the field for which the Department is designated to provide support. Missions were informed that they do not need to subdelegate authorities to the service centres.

195. The Board found that the Department of Operational Support delegated certifying and approving officer authorities to RSCE staff, but no travel or human resources-related authorities. RSCE staff, however, held roles in Umoja which required delegations of authorities. In addition, the online portal did not indicate to which client missions the delegated authorities related, nor whether the delegated authorities were also provided for the Centre's self-administration.

196. All delegations of authority, including any limitations, are issued and managed through an online portal ([ST/SGB/2019/2](#), section 1.2). The Board noted that the portal had a limited ability to specify and limit subdelegations of authority issued for the functional areas. Service centres and missions used separate delegation of authority matrices in addition to the portal to limit and specify delegations. In addition, portal administrators were nominated to delegate authorities on behalf of the actual delegating staff. Although the portal was enhanced to track this information, the Board found that, of the 54 authorities delegated to RSCE staff by a portal administrator, the portal showed information for only one case.

197. The Board holds that the definition of an entity and the scope over which delegated authorities can be executed (e.g., by budget fascicles or by categories

³⁴ [ST/SGB/2019/2](#), footnote 1.

employed in Umoja such as a funds centre) is unclear. The Board further holds that service centres received delegations of authority incompletely. For individual staff members, the scope of delegated authorities and whether they referred to self-administration or the provision of services was not transparent in the portal. Furthermore, there is a mismatch with the Umoja roles guide, which explicitly requires delegations of authority for certain roles. Given the potential establishment of additional service centres, the Board considers that these issues need to be reviewed.

198. Furthermore, the Board is of the opinion that, with additional matrices outlining the delegation of authority, it may become questionable which document is authoritative. The portal should be the only tool for recording delegations of authority. As such, the Board holds that the tool should facilitate a preconfigured selection of limitations to delegations. This could also enhance the analysis and monitoring of the authorities delegated.

199. The Administration stated that the portal was not intended to indicate that service providers acted upon the delegation granted to them by the Secretary-General. The granularity of transactions performed in support of other entities was decided by the client and service provider entities to allow for the appropriate mapping of the Umoja/Inspira roles.

200. The Board considers it important that the portal reflects the (sub)delegations of authority comprehensively and transparently.

201. The Board recommends that the Administration provide service centre staff with the necessary delegations of authority for servicing clients.

202. The Board recommends that the Administration extend the delegation of authority portals' functionalities to specify and limit subdelegations to ensure that the staff member who receives subdelegations is aware of the scope.

203. The Administration accepted the recommendations.

Delegation of authority and Umoja roles provisioning

204. Two key documents are important for the administration of Umoja roles. The first document, the Umoja roles guide, governs the assignment of Umoja roles to users. It lists all roles and related mapping guidelines in terms of role assignment restrictions/limitations. The second document, the security liaison officer workbook, supports security liaison officers in completing the Umoja user registration form and managing the access of Umoja end users in their office. The workbook includes a list of available Umoja roles and role-specific segregation of duty violations (i.e., roles that should not be assigned to the same end user). In addition, it includes details on whether a role requires delegation of authority.

205. The Board compared the instructions valid for financial year 2018/19 in both documents and identified differing mapping instructions for human resources-related workstreams. For example, according to the Umoja roles guide, human resources partner roles require a human resources delegation of authority. However, according to the workbook, a delegation of authority is not required. The Administration revised the Umoja roles guide and the security liaison officer workbook after the end of financial year 2018/19.³⁵ For some roles, different requirements persisted. The Board further noted that the requirements in the Umoja roles guide were more detailed compared with the workbook, especially for the human resources roles.

³⁵ All discussions in the present report refer to the security liaison officer workbook dated 4 November 2019 and the Umoja roles guide dated 25 October 2019.

206. For all staff in the Department of Operational Support and the Department of Peace Operations who held Umoja roles requiring delegations of authority as at 20 November 2019, the Board reviewed whether the required authority was delegated. The Board found that the Department of Operational Support provisioned a total of 549 roles which required delegations of authority to staff members. However, in 210 cases (38 per cent), the Department did not delegate the required authority. For example, the human resources partner role (PA.01) was provisioned to 59 staff members. None of the staff members received the required human resources delegation of authority. This was also the case for roles in the area of financial accounting and management, procurement and travel (FA.05, FM.06, PA.02, PA.07, SA.05, SA.17, TV.08, TV.09 and TV.10).

207. In the Department of Peace Operations, the Board found that for a total of 59 roles provisioned, the required authority was not delegated in 35 cases (58 per cent). The same issue was observed at MONUSCO, MINUSMA, UNFICYP, UNISFA, UNAMID and the service centres during the Board's audit. In addition, the Board found that conflicting roles were provisioned to staff in MINUSCA, UNFICYP, UNISFA, MINURSO, UNAMID and MINUSMA.

208. Furthermore, the Board noted that staff received Umoja roles with different scopes multiple times. In the Department of Operational Support, the total number of roles provisioned that required delegation of authority was 629. Of these, 411 were provided without any limitation on the scope of the role, meaning that the person holding the role could perform the transactions accompanying the role for all entities that used Umoja.

209. In addition, the Board found that staff members received Umoja roles that were unrelated to the tasks they performed. For example, 29 of the 59 staff members of the Department of Operational Support who had a human resources partner role (PA.01) were not part of the Headquarters Client Support Service, which is responsible for processing personnel actions.

210. Finally, the Board found that staff members had roles in Umoja even though they were inactive as a result of separation from service or on special leave. The Board observed the same at UNAMID, MINUSCA and MINUSMA.

211. The Administration stated that it had not delegated authority to those roles requiring delegation of authority since the revision of the security liaison officer workbook in November 2019. The Department of Operational Support issued its delegations of authority in January 2019 and was seeking clarification on a number of roles.

212. The Board acknowledges that the security liaison officer workbook and the Umoja roles guide are continuously reviewed. However, the Board noted that on 7 August 2019, the Department of Management Strategy, Policy and Compliance informed security liaison officers and portal administrators about the new delegation of authority requirements and advised them to verify as soon as possible that Umoja access and subdelegations to staff were aligned. In addition, delegations of authority were missing for roles such as SA.17 and SA.05, related to supply chain management, which required delegation of authority even before the review of the workbook. The Board holds that inconsistent stipulations and changing requirements create uncertainty and hamper proper role provisioning. The Board is of the opinion that the existence of two documents outlining the delegation of authority requirements for Umoja roles impedes appropriate role provisioning.

213. The Board also considers the large number of roles provisioned without a limitation in scope to be a considerable risk factor. The Board acknowledges that a staff's authorities are limited by the authorities delegated through the portal.

However, the provisioning of Umoja roles should be restricted to the scope needed by the staff to fulfil their tasks to the best extent possible.

214. The Board considers it crucial that the roles of staff members be deprovisioned when they separate from service or take over other assignments and functions. The Board also considers it important that the roles requiring delegation of authority only be provisioned to staff who have such delegation. The departments must establish a review cycle ensuring the constant alignment of Umoja roles with the respective delegations of authority to ensure that staff members still fulfil the functions for which the roles were provisioned and that no conflicting roles are assigned.

215. As similar deficiencies were observed in the missions, the Board considers it advisable that the Administration support the entities in establishing a control mechanism. The Administration could develop a tool which facilitates the check of Umoja roles against the latest stipulations of the Umoja roles guide/security liaison officer workbook, the active staff list and the authorities delegated.

216. The Board recommends that Headquarters and missions conduct a comprehensive review of roles assigned in Umoja to ensure that the Umoja roles provisioned match the latest stipulations of the Umoja roles guide/security liaison officer workbook, the active staff list and the authorities delegated.

217. The Board recommends that Headquarters departments support entities in establishing a control mechanism for Umoja roles, in particular to check roles against the latest stipulations of the Umoja roles guide/security liaison officer workbook, active staff list and authorities delegated.

218. The Administration accepted the recommendations.

Monitoring of the use of delegation of authority

219. The “Accountability framework for monitoring the exercise of delegated decision-making authority” defines indicators in the areas of human resources, finance, procurement, travel and property management. The framework aims at helping heads of entities demonstrate that they are exercising the authorities to, in the words of Article 101 (3) of the Charter of the United Nations, “the highest standards of efficiency, competence, and integrity”. The framework stipulates that it will:

(a) Enable heads of entities to demonstrate they are exercising their delegated authority in a transparent, responsible and accountable manner;

(b) Enable the Department of Management Strategy, Policy and Compliance to monitor how heads of entities are exercising their delegated authorities and provide assurance to the Secretary-General that delegations are being appropriately managed;

(c) Enable consistent measurement across the Secretariat, as a basis for effective monitoring of the exercise of delegated authorities across all entities and the identification of systemic problems and opportunities to improve current policies, processes and procedures.

220. The Board noted that the indicators presented are not comprehensive. For instance, the indicator on recruitment focuses on the time needed for the recruitment process and sets a target of 120 days from the issuance of the job opening to selection. Peacekeeping, however, uses different recruitment procedures with different timelines. Furthermore, the quality of the process is not measured. For procurement, for instance, it is not measured whether officials comply with the threshold of the delegated authority. The procurement principles as defined in financial regulation 5.12 are not captured.

221. The Board examined whether recruitment procedures and procurement approvals were processed in a manner that enabled the consistent and effective monitoring of the use of delegation of authority.

222. The Board reviewed how the Department of Operational Support, the Department of Peace Operations and the Department of Management Strategy, Policy and Compliance recorded recruitment decisions. The recruitment procedure was mainly documented in Inspira. The Board found that the departments did not follow a uniform approach.

223. In the Department of Operational Support and the Department of Peace Operations, the officials who had human resources delegation of authority approved the selection decision outside Inspira (and Umoja). Staff members of the Executive Office of the Department of Peace Operations and the Headquarters Clients Support Service of the Department of Operational Support then recorded the decision in Inspira without referring to the selection decision. In the Department of Management Strategy, Policy and Compliance, the official with the delegation or a staff member on behalf of the official approved the selection and recorded the decision in Inspira.

224. The Board also found cases in which the Department of Peace Operations only recorded in Inspira that an offer had been made but did not finalize the records, although the staff member had been engaged and the personnel action had been recorded in Umoja.³⁶

225. The Board also reviewed how the Administration recorded the approval of purchase orders and contracts in Umoja. According to the Umoja roles guide, the buyer role for the approval of contracts and purchase orders requires delegation of procurement authority. The delegation instrument "Delegation of authority from the Secretary-General to head of entities" defines, in annex A, thresholds for the (sub)delegation of authority. For instance, a P-5 procurement officer may receive delegation of authority up to \$250,000.

226. The actual delegated procurement authority in accordance with the delegation of authority portal differs from the approval rights of senior procurement officials in Umoja. This means, for instance, that in Umoja a procurement team leader with delegation of procurement authority of \$250,000 approved a contract with a target value of \$25 million. The actual decisions were not recorded in Umoja.

227. Because of the contract value, the Headquarters Committee on Contracts had to review the case and recommend the award. On the basis of the Committee's recommendation, the Assistant Secretary-General approved the award on paper. Finally, the Director of the Procurement Division signed the paper version of the statement of award.

228. The Administration stated that the framework defined only an initial set of indicators, which would be expanded based on the data available or on feasible changes to enterprise systems. The Administration expected that the ongoing reporting of key performance indicators would help sensitize users to the need for the consistent use of Umoja and Inspira in order to improve the quality of data. The Department of Operational Support and the Department of Peace Operations confirmed that the selection was made by the official with the delegation of authority outside Inspira and was only then reflected in Inspira.

229. The Administration stated that the target of 120 days for all recruitment cases was established by the General Assembly and was applicable to all modalities of recruitment. The same target was also applied to all management compacts.

³⁶ Temporary job openings 115987 and 117943.

230. The Board considers it crucial that additional indicators be defined as soon as possible to allow for a comprehensive monitoring of the exercise of delegated authority. In addition, the Board considers it important that the exercise of delegated authority is recorded in a way that can be analysed and monitored. This means that records in Umoja and Inspira should be accurate and complete. An indicator regarding the completeness of the records could be useful to interpret the remaining indicators, which build upon the data. Furthermore, the exercise of delegations of authority should be systematically reflected in enterprise systems. Only then can the Administration use automatic controls and report comprehensively on the exercise of delegated authorities and on the compliance with the respective Regulations and Rules.

231. The Board recommends that the Administration analyse which data are necessary for the comprehensive monitoring of the exercise of delegated authorities, take stock of how these aspects are currently recorded and identify changes needed.

232. The Administration agreed with the recommendation and stated that it was planning to expand the monitoring of authorities exercised by entities on the basis of the data available in enterprise systems and, when unavoidable, through self-reporting.

Financing of peacekeeping support activities

233. UNLB and RSCE provide services to peacekeeping missions. As a result of the management reform, they became subordinate to the Department of Operational Support, which now provides services to the entire Secretariat.

234. Since financial year 2016/17, a separate budget has been assessed for RSCE based on a scalability model (see General Assembly resolution [69/307](#)). The approved total budget is prorated to active missions using RSCE services and against the provision for special political missions under section 3 of the regular budget.

235. A separate budget is assessed for UNLB. The approved budget is prorated to all active missions. Unlike the budget for RSCE, no amount is charged against the provision for special political missions of the regular budget.

236. For departments involved in peacekeeping, no separate budgets are assessed. Instead, one budget is assessed for a so-called support account, which is prorated to all active missions. The funds of this support account are to be used for the sole purpose of financing human resources and non-human resources requirements for backstopping and supporting peacekeeping operations at Headquarters (General Assembly resolution [72/288](#), para. 5). For the financial year 2018/19, 1,365 posts were approved (total amount of approved budget: \$324,703,500). The budgeted amount covers part of the costs of the departments of the Secretariat that support peacekeeping, predominantly the Department of Peace Operations (\$85,493,900), the Department of Operational Support (\$83,488,800) and the Department of Management Strategy, Policy and Compliance (\$63,826,900).

237. Besides financing from assessed budgets, RSCE and UNLB also use the cost recovery mechanism to finance services provided to non-peacekeeping external parties. The Board noted that these services increased over the past years, especially at UNLB.

238. The Board noted that as a result of the management reform, both RSCE and UNLB were no longer considered entities. The Under-Secretary-General for Operational Support subdelegated authorities to the heads of both RSCE and UNLB. He did not subdelegate core budget-related authorities, such as the preparation of budget proposals.

239. Furthermore, the Board noted that the mandate of the newly established departments increased in scope. For example, the Department of Operational Support and the Department of Management Strategy, Policy and Compliance now service and support the entire Secretariat – at Headquarters, the regional commissions and offices away from Headquarters and in the field (see [A/72/492/Add.2](#)).

240. The Board further noted that the financing arrangements for the peacekeeping supporting entities did not change after the management reform went into effect. For the financial year 2020, approximately 47 per cent of the Department of Management Strategy, Policy and Compliance and 44 per cent of the Department of Operational Support of the proposed budget will be financed through prorated amounts from the support account for peacekeeping operations.

241. The Board notes that, after the management reform, a separate budget remained with RSCE and UNLB, although these service centres were not considered separate entities within the framework. The current budgeting and financing is still based on the pre-reform structure. The new structure defines RSCE and UNLB as subordinate under the supervision of the Under-Secretary-General for Operational Support, which has no separate budget. The Board holds that the financing arrangements need to reflect the new structure.

242. The Board recommends that the Administration propose new financing arrangements for peacekeeping support, namely, the departments at Headquarters, RSCE and UNLB, to reflect that UNLB and RSCE are subordinate to the Department of Operational Support, which provides services to the whole Secretariat after the management reform.

243. The Administration did not accept the recommendation and stated that the General Assembly had established those entities with separate budgets. In addition, under the management reform, the Secretariat had decided to keep each expense under its original funding source and to present, during the seventy-fourth session of the Assembly, a new funding model based on the experience that was acquired.

244. The Board does not question resolutions of the General Assembly regarding the establishment and continuation of the peacekeeping support entities. However, the Board points out that the current financing arrangements of the peacekeeping support activities do not reflect changes resulting from the management reform. Following the new delegation of authority, RSCE and UNLB, while maintaining separate budgets sourced almost entirely from peacekeeping funds, are organizationally part of the Department of Operational Support. This Department serves the entire Secretariat as a result of the management reform.

United Nations peace and security pillar reform

245. In his report dated 1 March 2018 ([A/72/772](#)), the Secretary-General stated that the reform of the peace and security pillar had four main goals. The first goal was to prioritize prevention and sustain peace. The second was to enhance the effectiveness and coherence of peacekeeping operations and special political missions. The third was to make the peace and security pillar more coherent, nimble and effective. The fourth goal was to align the peace and security pillar more closely with the development and human rights pillars.

246. With reference to those goals, the Board asked the Special Adviser to the Secretary-General on Reforms about the indicators the United Nations had established to monitor and verify that the reform was achieving those goals, especially with regard to the second goal to enhance the effectiveness and coherence of peacekeeping operations and special political missions.

247. The Administration stated that before the Secretary-General would report on the implementation of the peace and security pillar reform to the General Assembly at the main part of its seventy-fifth session, the Department of Political and Peacebuilding Affairs and the Department of Peace Operations were tracking results through an online benefit management tracker for all three reform streams. The tracker would go public in the first quarter of 2020.

248. The Board is of the view that the peace and security pillar reform needs time to be fully implemented. The two new departments need to define ways to achieve the goals of the Secretary-General. The Administration's answer to that question is not convincing. The goal to enhance the effectiveness of peacekeeping operations is of such importance that a mere benefit management tracker is not sufficient. The implementation needs to be closely monitored by using measurable criteria, indicators and milestones.

249. The Board recommends that the Administration establish indicators to monitor and verify that the peace and security pillar reform is implemented to achieve the goals laid down in the report of the Secretary-General dated 1 March 2018 (A/72/772), especially regarding the goal to enhance the effectiveness and coherence of peacekeeping operations and special political missions.

250. The Administration agreed with the recommendation. The Administration stated that, as part of the efforts of the Secretary-General to ensure that reform took hold and focused on actual results and not only processes, the Executive Office of the Secretary-General had developed a benefits management framework. This was a tool used by departments to report to the Secretary-General, and was not used to track project implementation. The benefits tracker provided real-time information regarding the current status of possible reform outcomes that might lead to benefits.

251. The Administration was therefore tracking the results of the reform through an online benefit management tracker managed and administered by the Executive Office of the Secretary-General for all three reform streams. The tracker and the strategic plans had measurable criteria, indicators and milestones. Benefits had been defined in line with the overall benefits management framework.

252. The Board holds that there need to be specific indicators of achievement, in particular for enhancing effectiveness. A benefit tracker does not show whether effectiveness has been enhanced. The Secretary-General had defined four specific goals which the Administration should achieve by implementing the peace and security pillar reform. It was not about tracking benefits but about implementing the goals that were promised to Member States by the Secretary-General.

8. Human resources management

Weaknesses in the maintenance of official status files and working files

253. The official status file is an official record of a staff member's career development in the Secretariat. In accordance with administrative instruction [ST/AI/108](#), dated 1955, the file should include documents such as the personnel history form, correspondence regarding recruitment, letters of appointment, personnel actions, letters of commendation, letters regarding reprimand or disciplinary action and documents related to the staff member's family status, allowances, leave and visa. In addition to the official status files, working files are maintained.

254. Official status files of international staff serving in peacekeeping missions are stored at Headquarters. In its report for the financial year 2015/16 ([A/71/5 \(Vol. II\)](#), chap. II), the Board had found that these files were incomplete. The Board recommended that the Administration ensure that the complete personnel files of international staff were registered in one location or within one system. The

Secretary-General stated in his report dated 19 February 2019 (A/73/750) that the Department of Operational Support was in the process of launching a records management system in Unite Docs that would serve as an electronic version of the physical official status files.

255. The Board continues to note weaknesses in the maintenance of international staff files as well as national staff files. Furthermore, no comprehensive digitization project has been planned.

International and national staff files

256. The Board requested 24 international staff members, 19 of whom were located at missions or service centres, Headquarters did not provide one of the requested files. The structure and the content of the files varied significantly. Only 2 of 23 files provided contained a signed letter of appointment for the latest appointment. Seven files were incomplete and included only printouts and unverified copies. For instance, the job offer, letters of appointment and curriculum vitae were not included. While 15 of the staff members received dependency allowances for children or spouses, nine files did not contain the completed, verified supporting documents required to establish the dependency.

257. The Board found a similar situation in missions. Not all files of national staff members were available:

- (a) MINUSMA could not locate 1 of 15 requested staff files;
- (b) UNSOS could not locate 1 of the requested 17 files;
- (c) MONUSCO could not locate 3 of 16 files;
- (d) UNAMID could not provide 5 of 20 requested files and stated that 3 files had been destroyed during a riot.

258. In addition, the files lacked necessary documents such as letters of appointment and supporting documents for dependency allowance. For instance, in MINUSMA, out of 14 files, 5 did not contain any letters of appointment, 8 files included only some of the letters and only 1 file contained all letters of appointment. In 6 files, UNAMID had not verified supporting documents such as marriage and birth certificates for the staff members' spouses and children. The Board noted that one file contained birth certificates for five children; however, the staff member received a dependency allowance for six children. UNAMID reported the unjustified payment in respect of one child to RSCE for recovery. In MINUSCA, 21 of 30 national staff files did not contain signed letters of appointment. In MONUSCO, 7 of 8 files did not include the latest letter of appointment. In addition, one staff member received a dependency allowance for six children, though birth certificates for only three children had been filed.

Digitization of files

259. The Department of Operational Support clarified that in January 2019 it took over the records management system in Unite Docs which the former Office of Human Resources Management had established in 2018. The Department stated that it did not plan to transfer all international staff files to the new system. The system would be limited to staff based at Headquarters. In addition, upon request by human resources officers or auditors, the individual documents of international staff at missions/service centres would be uploaded. The Department stated that in parallel, RSCE had started to establish a records management system in Unite Docs, however the Department did not have any details. Furthermore, missions had also started individual projects to digitize their files. For instance, UNMISS began electronic

archiving of personnel records in 2014. In August 2019, MONUSCO stated that it had also started a project to digitize files.

260. The Board considers it crucial that files for staff members be available, are adequately structured and contain all required – or at least verified copies of – documents. The policy framework should be revised and should clearly define the requirements for international staff files and for national staff files. Existing files should be checked for completeness. Furthermore, as different stakeholders are involved in the process, it would be helpful if electronic files were used. The shift to electronic files should be done coherently for peacekeeping. Finally, as missions operate in difficult and volatile environments, it may be advisable that original files not be stored in mission areas.

261. The Board recommends that the Administration, together with the peacekeeping missions and RSCE, develop a common strategy for maintaining files for international staff and national staff ensuring that clear instructions and guidance are given, relevant documents are available, verified and checked for completeness and ideally are accessible by all stakeholders, namely, through an electronic records management system.

262. The Administration accepted the recommendation. The Department of Operational Support would work with missions, service centres and Headquarters departments to develop a common strategy. The Department would also provide support to entities through advice and the development of operational guidance to support personnel records management across entities in line with the policy framework. The Department would also work with these stakeholders towards a strategy to ensure the availability of documents in personnel files, whether in digital or hardcopy format, including through an electronic records management system. However, the implementation of any such strategies specifically relating to digitization would depend on adequate funding and the financial resources of the relevant information technology systems.

Temporary appointments and temporary assignments insufficiently documented and not in accordance with policies

263. Staff members at Headquarters and missions hold, inter alia, temporary appointments and assignments. The Staff Regulations and Rules of the United Nations stipulate that temporary appointments are granted for specific short-term requirements that are expected to last less than one year. In accordance with administrative instruction [ST/AI/2010/4/Rev.1](#), initial temporary appointments may not exceed a period of 364 calendar days and may be extended up to a maximum of 729 days only in exceptional cases.

264. The Board reviewed 52 temporary appointments and assignments of staff at Headquarters (the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Department of Peace Operations) and at three missions (MINUSMA, MINUSCA and UNSOS).

Insufficient documentation and data inconsistencies

265. The Board checked whether the recruitment files contained all documentation to show that the Administration had adhered to the requirements of the Staff Regulations and Rules and of [ST/AI/2010/4/Rev.1](#). The Board did not find a single file at Headquarters in which that had been the case. A review of recruitment files at MINUSCA and UNSOS produced similar findings. There were two cases in which job openings, although required, did not exist. Other cases lacked a comparative analysis and the selection memorandum. Although the Board specifically asked for them, the Administration was unable to provide the files.

266. The Board noted further that the documentation was not consistently recorded in Inspira and Umoja. For example, the selection of a candidate was recorded in Inspira but was not to be found in Umoja. Furthermore, a job opening had been recorded in Inspira as still pending, whereas in Umoja a staff member was already recorded as appointed or assigned to the post.

267. Although a temporary appointment must be based on a specific short-term requirement, this was not documented in the job opening, in the supporting documents or in Umoja. Even though almost half (25) of the selection memorandums reviewed mentioned specific needs for the appointments, the final appointments were neither in line with the stated requirements in the selection memorandums nor were they in line with the advertised durations of need for the appointments. For example, in one temporary job opening, the text of the job posting indicated that the post was temporarily vacant owing to a pending staff selection, while Umoja personnel actions indicated the job was posted due to the need for seasonal or peak workload. If a temporary appointment was extended, the Board had to rely on the personnel action forms in Umoja, as the respective data were not found in Inspira or the supporting documents. In addition, the Board found that in the cases under review, the data in Umoja contained no further information, which was necessary to assess whether the extensions had followed the rules.

268. The Board considers it important that the Administration improve the documentation of temporary appointments, in particular the need for such appointments and their projected duration and possible extensions. The entire documentation process for temporary appointments should be completely revised and standardized. All necessary information needs to be documented in Inspira and recorded as personnel actions in Umoja. A thorough standardization would help to ensure that the required information, justifications and assessments are transparently and comprehensibly recorded. It would also enable monitoring.

269. The Board recommends that the Administration document the entire recruitment process of temporary appointments in Inspira and Umoja; the documentation should include all necessary data, especially the justification of the need for a temporary appointment and the reasons for its extension.

270. The Administration accepted the recommendation and elaborated on its response in paragraphs 271 to 277 below.

271. The Department of Operational Support agreed with the Board that the standardization of required documentation for temporary job openings in Inspira would help ensure consistency in the candidate assessment process, and that it would recommend that the standards applicable to regular job openings also apply to temporary job openings. The Department was of the opinion that the standardization should be reflected in a revised way in the policies. The Department of Management Strategy, Policy and Compliance added that, as part of the process improvement review for staff selection, attention would be given to documentation requirements to ensure all necessary data remained available and accessible where most appropriate.

272. With regard to the findings of paragraph 265 above, the Department of Operational Support disagreed with the Board. The Department expressed that all the documentation for its cases demonstrated compliance with the requirements of the Staff Regulations and Rules, [ST/AI/2010/4/Rev.1](#) and the instructional manual on the staff selection system (Inspira) when advertising temporary job openings for short-term requirements. Concerning these cases, for only one case had a job opening not been posted, since the recruitment was for a period shorter than three months. For each file shared with the Board, the Department stated that it had submitted the comparative analysis report and the selection memorandum. It further stated that the two missing temporary job openings mentioned in paragraph 265 were not cases of the Department.

273. The Board holds that in each of the reviewed cases, it found inconsistencies in the policies, namely, there was no indication of the required temporary need in the job opening, or the comparative analysis did not contain all the necessary information for enabling the responsible staff member with the delegation of authority to make a proper selection decision.

274. The Department of Operational Support further stated that one of the cases referred to in paragraph 266 pertained to a selection by the Department of Peace Operations for which the first selected candidate had declined the position and the alternate candidate had subsequently been selected. The Board notes that there was, as a whole, no proper documentation of the staff selection process in Inspira. Candidates were marked as selected but did not take up the offered positions. Even when specifically requested by the Board, the Administration was not able to explain the different designations of the selected candidates. In most cases they were marked as selected, otherwise they were marked as having been offered an appointment.

275. With regard to the first and second sentence of paragraph 267 above, the Department of Operational Support stated that all temporary job openings published by the Department and reviewed by the Board contained the special notice describing the nature of the short-term requirement. In addition, it was possible that changes could occur after the temporary job opening had been posted and the selection process was completed. Frequently, by the time the successful applicant for the temporary job opening reported for duty, the incumbent of the post who was on another assignment, special leave, loan or secondment could have his or her contract extended further.

276. In contrast to the Department's statement, the Board found cases where the temporary need was not apparent in the temporary job opening. In cases of a change of need, the Board could not find appropriate documentation for the motivation.

277. With regard to the last three sentences of paragraph 267, the Department of Operational Support noted that Inspira and Umoja had different uses and purposes. It stated that the fact that some data was in one system but not in the other should not necessarily be the cause of an inconsistency. While Inspira was the talent management platform used for recruitment, Umoja was used for the administration of staff contracts, benefits and entitlements. The Department stated that in practice the extensions of both temporary appointments and assignments were recorded only in Umoja. The Board is of the view that, though Inspira and Umoja have different uses, the recorded data must be consistent.

Insufficiency of staff selection process

278. Departments at Headquarters did not provide the requested selection memorandums in all cases. The Board found a similar situation at MINUSCA and UNSOS. In five cases, the Board received only email exchanges as supporting documents. The Board noted that the official who held the delegated authority was not involved as a sender or recipient in the email exchange. The Board must assume that someone without the required authority had selected a candidate.

279. Upon the examination of other selection cases, the Board did not find any substantive basis on which the official with delegated authority had made the decision. Comparative analysis reports that should have justified the selection of one candidate over the others either did not exist or were available only in Inspira. The comparative analysis reports in almost all cases referred exclusively to the selected candidate. While the job opening generally differentiates between required and desired criteria, these were not reflected in Inspira. In almost all cases, the final report contained only standardized expressions without a detailed assessment. The comparative analysis of preliminary evaluation reports sometimes included further information. In other cases, even that report did not contain such details.

280. In one case concerning the selection of a staff member at the D-2 level, the Board found that there was neither an informative preliminary analysis nor a significant comparative analysis. The preliminary report contained only formalized assessment terminologies, which did not provide enough information to conclude whether the candidates were suitable or not. The comparative analysis report was limited to 3 applicants, although 26 more candidates had been longlisted. Moreover, only two of the three met the requested requirements. A detailed comparison of the three candidates was not in the file. For this reason, the Board could not identify the reason why the chosen candidate was deemed the most suitable.

281. In contrast, the Board found that hiring teams manually prepared a separate analysis report which provided a comprehensive overview of the candidates' competencies. The assessments differentiated thoroughly between required and desired competencies in accordance with the temporary job opening.

282. The selection process and the justification of the selection decision were insufficiently documented. The Board is of the view that the documentation and therefore the transparency of the selection process needs to be enhanced. The comparative analysis of applicants should include all necessary information concerning the applicants' competencies to ensure the selection of the most suitable candidate. A fragmentary comparative analysis is not a proper basis for a selection decision. It must be clearly documented whether and to what extent all applicants meet the requirements, otherwise the official with the delegated authority has no proper basis on which to select a candidate, and the selection of the most suitable candidate cannot be ensured. The comparative analysis and supporting documentation recorded in Inspira would facilitate the preparation of the selection decision by the hiring team. The Board holds that it is necessary to record the signed selection decision in Inspira.

283. The Board recommends that the Administration ensure that officials with delegation of authority base their selection decision on an assessment of how and to what extent the applicants' competencies meet the requirements, and record both the comparative analysis and the selection decision in the system.

284. The Administration concurred with the recommendation.

285. The Department of Management Strategy, Policy and Compliance intended to coordinate a communication to all heads of entities to ensure adequate documentation was being recorded to support each selection decision.

286. The Department of Operational Support stated that its selection decisions were always implemented in Inspira by an official who received a written instruction to reflect the selection decision made by the responsible staff member with delegated authority. The selection decision is accompanied by the relevant documentation – the selection memorandum and evaluation-rated documents – signed by the staff member with the delegation of authority and duly recorded in the delegation of authority portal. Therefore, the Department disagreed with the Board's conclusions contained in paragraph 278 above. The Department stated that, with regard to its own cases, it provided selection recommendations explicitly approved by the officials with the delegated authority for selections, and all selection routing slips, for all the cases requested by the Board as proof that all selections were duly approved by officials to whom the Under-Secretary-General delegated his authority.

287. The Board noted that the Administration neglected to provide selection memorandums for all of the 52 cases reviewed. In one case concerning the Department of Operational Support's files, the relevant selection memorandum was missing. Instead, the Board received so-called evaluation-rated documents (comparative analysis reports), but almost all of them were fragmentary and contained only

formalized assessment terminologies which did not provide enough information to distinguish among the assorted characteristics of the candidates' competencies. The Department did not provide further documentation, in particular selection routing slips.

288. The Department of Operational Support stated that its selection decisions were submitted using standardized routing slips with annexes, which provided the proper basis for the selection of the most suitable candidate. Each selection routing slip was carefully checked by the corresponding Human Resources Officer in the Department's Headquarters Client Support Service before the case was submitted for approval to the official with the delegated authority to approve selections. Since [ST/AI/2010/4/Rev.1](#) did not require hiring managers to submit the comparative analysis using Inspira, the Department was of the view that its procedures were in line with the applicable policies. With regard to the statement in paragraph 281 that hiring teams manually prepared a separate analysis report, the Administration stated that there was no requirement in [ST/AI/2010/4/Rev.1](#) for hiring managers to submit the comparative analysis using Inspira. It was for this reason that hiring managers prepared a separate analysis report.

289. The Board acknowledges the Department's endeavour to reflect the selection decision by using the comparative analysis function in Inspira. However, the selection process is not sufficiently documented, since the written instruction as well as justifying documents themselves were not recorded in Inspira. As stated in paragraph 287 above, the Board did not receive the standardized routing slips, even though the Board requested all supporting documents at the beginning of the audit. It therefore could not verify whether the selection made by the responsible staff member with delegated authority was compliant with the Staff Regulations and Rules of the United Nations and [ST/AI/2010/4/Rev.1](#).

Duration not in line with administrative instructions

290. The Board found that job openings did not provide a start date for the assignment or appointment. These job openings only stipulated a duration of several months or an end date that seemed to be independent of a start date or the appointment's total duration. The reasons for the advertised duration of appointment or assignment were not explained.

291. Moreover, the Board found that some temporary appointments were extended beyond 364 days without documenting the need, the extension decision and the justification in Umoja. At Headquarters, two assignments based on a temporary job opening advertised to internal and external applicants significantly exceeded the maximum duration of 729 days for temporary appointments, as, for example, one appointment was extended for up to more than three years. At MINUSMA, the Board noted that in 4 of 11 cases selected, the appointments were extended beyond 364 days without fulfilling the specific requirements for the extension. At MINUSCA, maximum duration was exceeded in one in eight cases.

292. The Board holds that the Administration has not followed the administrative instructions on temporary appointments and that its procedures lack transparency. The reasons and duration of the short-term requirement were not sufficiently documented and justified. Temporary appointments are intended for use in exceptional cases that have specific needs, such as an upsurge in work. That is why the duration is limited in two ways: regular specific needs are limited to 364 days and cases of extra needs are limited to an additional 365 days.

293. The Board holds that the Administration needs to ensure compliance with administrative instructions referring to the appropriate use and the maximum duration of initial and extended temporary appointments. Recruitment processes and the

granting of temporary appointments should be subject to internal controls, as should all appointment extensions.

294. The Board recommends that the Administration ensure that the duration of temporary appointments is in accordance with human resources policies.

295. The Administration accepted the recommendation, but requested its closure. The Department of Management Strategy, Policy and Compliance stated that the report of the Secretary-General on management reform and other budget proposals included a detailed analysis of resource requirements.

296. The Administration stated that an effective internal control mechanism to monitor exceptions to the administrative instruction had already been implemented. In practice, entities report any exception granted by a head of entity or other responsible staff member regarding the delegation of authority to the Department of Management Strategy, Policy and Compliance on a daily basis through an online portal. A dedicated team within the Monitoring of Delegation of Authority Section of the Department reviews all cases daily, and liaises with the entities for questions and guidance. Errors are identified and corrected and automated scripts are run to identify all temporary appointments longer than 364 days. A quarterly report on such exceptions is being prepared.

297. The Board takes the Administration's request to close the recommendation as "not accepted". The Board acknowledges that the Administration is in the process of implementing an internal control mechanism. So far, the departments concerned only report their exceptions on temporary appointments to the Department of Management Strategy, Policy and Compliance without ensuring that such an assessment of the exceptions is in accordance with the policies.

298. Regarding paragraph 292 above, the Department of Operational Support stated that the reasons for the use of temporary appointments were outlined in section 2 of [ST/AI/2010/4/Rev.1](#) and were not limited to emergencies and surge requirements (section 2.2 (a)); but were also used to meet seasonal or peak work requirements (section 2.2 (b)); to temporarily fill a position when an incumbent was on special leave or assignment (section 2.2 (c)); to temporarily fill a position pending the finalization of a selection process (section 2.2 (d)); or to work on special projects (section 2.2 (e)).

299. Also with regard to paragraph 292 above, the Department of Operational Support stated that the reasons for the use of temporary appointments and the applicable reason outlined in section 2 of [ST/AI/2010/4/Rev.1](#) were reported when extensions beyond 364 days were reported in the Business Transformation and Accountability portal. Moreover, regarding paragraph 293 above, the Department stated that, in all its selection decisions, the reasons for the short-term requirements were included in the standardized routing slips to be used by hiring managers when submitting selection decisions.

300. As stated previously, the Board did not receive the standardized routing slips. Furthermore, the Administration did not provide reasons for any extension made beyond 364 days even though that had been requested. For that reason, the Board was incapable of verifying the initial specific temporary needs or the reasons why temporary appointments were exceptionally extended.

Need to assess the staff requirements

301. In previous years, the Board had noted that the number of staff fulfilling certain functions differed significantly between similar missions. The Board also noted that the overall level of staff in missions was not regularly assessed. The support guide for budget proposals requests missions to prepare detailed submissions for all proposed

changes in the staffing establishment. As a result, only the establishment, reassignment, redeployment and abolition of posts were justified by missions and reviewed by Headquarters and committees. The total sum of posts was not assessed systematically.

302. As seen in table II.4, the missions also engaged consultants and individual contractors. Furthermore, they used global systems contracts to support their information technology functions with additional personnel.

Table II.4

Comparison of staffing strength and additional resources in 2018/19

<i>Missions</i>	<i>Actual revenue/ expenditure budget basis (millions of United States dollars)</i>	<i>Total expenditure for civilian personnel (millions of United States dollars)</i>	<i>Proposed staffing levels</i>	<i>Number of purchase orders for consultants/ individual contractors</i>	<i>Staffing support and freelancer services (millions of United States dollars)</i>
UNMISS	1 228.5	293.5	2 831	1 865	9.5
MINUSMA	1 180.5	184.1	1 900	7 142	10.3
MINUSCA	965.4	195.5	1 524	2 253	9.1
MONUSCO	1 272.2	295.0	3 630	600	4.8
UNLB	82.1	40.3	445	67	2.1
RSCE	31.4	26.4	408	2	1.9

Sources: Statement V and annex II to the financial statements; [A/72/770](#); Umoja.

303. The Board found that the missions and service centres regularly moved posts, as the approved structure apparently did not reflect the actual requirements. For instance, the RSCE vendor service line had 30 approved posts. Umoja recorded 33 posts, 4 of which were vacant. RSCE stated that 39 staff members worked for the service line. The RSCE Systems, Quality Assurance and Performance Reporting Unit had eight budgeted posts. In Umoja, seven posts were encumbered. However, only two staff members were actually part of the Unit, while the remaining staff members worked for other units/sections. Instead, the Unit was supported by consultants. MINUSMA also moved a significant number of posts. Of the 195 approved posts for the field office in Timbuktu, only 170 were recorded in Umoja. It was not clear how MINUSMA had used the remaining 25 posts. In addition, the field office in Timbuktu engaged 233 individual contractors.

304. The Board could not determine whether the departments at Headquarters had assessed the resource requirements comprehensively. In January 2019, the Department of Management Strategy, Policy and Compliance and the Department of Operational Support were established. The budget proposals and reform documents did not include a detailed analysis of how the post requirements were determined and distributed among the departments and the divisions.

305. As of the time of writing, the Administration had not yet issued any new Secretary-General's bulletins describing the organizational functions of the new departments. Furthermore, the Department of Operational Support did not provide a detailed assessment of the number of posts required to fulfil its functions.

306. The Board noted that the presentation of the number of posts proposed and approved in the budget documents was not transparent. With regard to the posts of the Department of Operational Support financed through the peacekeeping support account, the budget for the support account for peacekeeping operations for the period from 1 July 2019 to 30 June 2020 ([A/73/793](#)) stated that 452 posts had been approved for that period; however, only 443 posts were requested. The budget proposal for 2019/20 then built upon the higher number and requested two additional posts.

307. The budget presented a total number of 812 posts and positions. It was limited to posts financed through the regular budget, the support account and general temporary assistance positions financed through the support account. The Board found that Umoja recorded additional posts and positions, as follows:

(a) 19 additional posts in the Global Procurement Support Section, as part of the Procurement Division located in Entebbe, were financed by four peacekeeping missions;

(b) The budget included 17 general temporary assistance positions financed through the support account, Umoja recorded an additional 13 positions financed through other funds and 102 positions (general temporary assistance replacement) were financed through cost recovery funds, the regular budget and other funds;

(c) 60 posts were financed through voluntary contributions.

308. The Administration stated that nine posts in the Department of Operational Support that had been earmarked for transfer from the support account to the Global Shared Service Centres were not approved by the General Assembly. For 2019/20, 24 posts and general temporary assistance positions were proposed for transfer to the Service Centres.

309. The Board considers it important that the staff requirements for departments and missions be assessed and justified. This requires a clear definition of functions/tasks which should then be translated into full-time equivalents. As budget constraints may limit the number of posts, the functions and tasks need to be categorized and prioritized.

310. Furthermore, the Board holds that official documents should present the number of posts in a clear and transparent manner. There should be a document available that makes the final number of approved posts transparently visible.

311. The Board recommends that the Administration base its post requirements on a baseline assessment of functions performed and enhance the documentation of approved posts.

312. The Administration agreed with the recommendation, but requested its closure. The Department of Management Strategy, Policy and Compliance stated that the report of the Secretary-General on management reform and other budget proposals included a detailed analysis of resource requirements. The Department was of the opinion that the information provided to legislative bodies was sufficient. The Department of Operational Support stated that it planned a “post-to-task” assessment for the first half of 2020 to enable the prioritization of activities and/or any realignment of resources as necessary.

313. The Board takes the Administration’s request to close the recommendation as “not accepted”. It reiterates that the Administration has not assessed and documented the post requirements. The Administration fulfils the legislative bodies’ request to justify changes made to the approved staffing table. In addition, and independent from the budget process, the Board considers it crucial that the Administration assess and document its post requirements in their entirety.

9. Supply chain management

314. The Board reviewed the annual supply chain management plan, the quality control mechanism for procurement activities and the registration procedure for air operators.

Benefits and weaknesses of the annual supply chain management plan

315. Since financial year 2017/18, the former Department of Field Support, now the Department of Operational Support, has prepared an annual supply chain management plan to provide global visibility of field mission demands and develop long-term demand forecasting and sourcing strategies for selected goods and services relevant to the end-to-end supply chain management approach.

316. For the 2019/20 supply chain management plan, the missions provided data on their demands. The Department of Operational Support reviewed and analysed the data and provided recommendations to missions and service centres, in particular with regard to sourcing. For instance, the Department indicated that 23.03 per cent of demands, or 15.56 per cent of the total value, that missions deemed should be fulfilled through new contracts could be fulfilled through existing contracts. The Department provided dashboards that allowed for an interactive visualization and analysis.

317. The Department noted challenges in preparing the plan such as: (a) inconsistencies in the mapping of product ID codes for goods and services in Umoja which prevented their identification by unit, causing errors in sourcing; (b) significant differences in the granularity of the supply chain data recorded by missions; and (c) the data for existing contracts was outdated, as it was compiled in December 2018 and not linked to live data.

318. The global demand plan as of July 2019 reported 9,111 demands totalling \$2.25 billion. The Board noted that UNSOS reported the highest demand, amounting to \$489 million, followed by MINUSMA (\$410 million), UNMISS (\$360 million), MINUSCA (\$299 million) and MONUSCO (\$295 million).

319. The Board acknowledges that the preparation of the plan helped missions to identify the correct product ID codes. Furthermore, the Department of Operational Support identified available global systems contracts which could fulfil the demand and provided further information on ongoing solicitations and contract extensions. The Board notes, however, that a significant amount of work is involved in the preparation of the demand plan. Currently, the plan is not automatically translated into Umoja shopping carts.

320. So far, the Administration has not developed an acquisition or procurement plan on the basis of the demand plan. The Board holds that, currently, it would be challenging to use the demand plan for such purpose as it is limited to the demand to be fulfilled in the financial year. However, the process for establishing global systems contracts takes approximately 24 months ([A/72/492](#), para. 45). In addition, further analysis would be required to determine which sourcing option provides best value for money. The sourcing option is linked to freight forwarding options and costs. The Administration, however, is still analysing the landed costs and implications of the supplier's obligation to deliver goods ([A/72/5 \(Vol. II\)](#), chap. II, para. 223). Furthermore, consolidating requirements on a global or regional level often achieves economies of scale. Solicitations on a larger scale, however, often result in longer processes and require more coordination among stakeholders, the identification of a lead requisitioner, the aligning of requirements, and so on.

321. The Administration stated that the supply chain management plan interfaced with Umoja and extracted information about active contracts, and that, after the deployment of Umoja demand planning modules scheduled for the second half of 2020, the tool would be fully integrated with Umoja. The Administration further stated that the supply chain management plan included the source plan that United Nations entities used to conduct their acquisitions. Furthermore, the plan identified the sourcing option that provided the best value for money and optimal delivery options.

322. The Board notes that new solicitations are still planned separately. The current plan does not result in a long-term demand forecast that is translated into a sourcing plan with timelines, actions to be taken, and so on. This is the third financial year in which a global demand plan has been established. The Board holds that the Administration should evaluate the benefits of the previous exercises to determine the way forward. Depending on the outcome of the evaluation it may even be advisable to concentrate on certain aspects of the demand plan, for instance, by starting with strategic goods, instead of covering every single demand.

323. The Board recommends that the Administration analyse benefits and weaknesses of the last three annual demand plans to develop a long-term demand forecasting and sourcing plan in accordance with the results-based budgeting framework.

324. The Administration concurred with the recommendation and stated that it had already taken actions during the 2019/20 fiscal year towards the long-term forecasting of the global supply chain demand. The end-state solution for the recommended processes would be achieved through systematic engagement with the new clients that the Department of Operational Support had acquired, as well as through Umoja solutions for demand planning and supply network planning that were currently under development.

Quality control mechanism for procurement, including acquisition

325. The Enabling and Outreach Service of the Office of Supply Chain Management is responsible for establishing a performance management framework, including baseline business intelligence, operational reporting and key performance indicators ([A/74/492/Add.2](#), para. 198). The Service stated that it had established following metrics:

- (a) Reliability: perfect order fulfilment (in full quantity/on the committed date);
- (b) Responsiveness: order fulfilment cycle time;
- (c) Agility: the ability to respond to external influences and to marketplace changes in order to gain or maintain competitive advantage;
- (d) Cost: the cost of operating supply chain processes, including for labour, materials, management and transportation;
- (e) Asset management efficiency: the ability to efficiently utilize assets, including inventory reduction.

326. The Business Transformation and Accountability Division of the Department of Management Strategy, Policy and Compliance is responsible for supporting programme managers in their monitoring, assessment and reporting of programme performance. The Division, in cooperation with the Department of Operational Support, monitors how managers exercise their authority ([A/72/492/Add.2](#), para. 140). The Division reported that it was currently monitoring the indicators listed in the accountability framework. For procurement, those are:

- (a) The volume and value of stand-alone purchase orders (not derived from a long-term contract) for goods and services in comparison with the volume and value of procurement;
- (b) The volume and value of exceptions from competitive bidding (financial rule 105.16 (a) (i)–(ix) and financial rule 105.17) in comparison with the total volume and value of stand-alone purchase orders and contracts;
- (c) The volume and value of ex post facto awards.

327. The Administration stated that the accountability framework listed only an initial set of indicators, which needed to be enhanced.

328. In previous years, the Board repeatedly noted weaknesses in the procurement process, in particular in the areas of timely acquisition planning, the justification of procurement in terms of economy and efficiency, the proper definition of statement of requirements/technical specifications without limiting competition, and the evaluation process. In addition, steps of the procurement process, such as pilot phases or prototype inspections, were not always clear and made the solicitation more complex.

329. The Board also noted shortcomings in solicitations in the current budget period.

Solicitation for the provisioning of drinking water treatment systems

330. The global systems contract for the provision of drinking water treatment systems became effective on 6 July 2018 with a target value of \$25.4 million for the first three years. The Board found the following, set out below.

331. The Administration started the solicitation in January 2016. In June 2016, the requisitioner submitted the statement of requirements. The previous contract expired on 29 March 2016, more than two years before the new contract was signed.

332. The Administration sought “innovative solutions” as it wanted solar power as the main power supply for the system. In a similar solicitation, the United Nations considered refraining from procuring a system with integrated solar power and procuring a separate solar power system instead.

333. All technically compliant offers achieved approximately 100 per cent of the points during the technical evaluation. Consequently, the technical evaluation report did not identify the proposal that provided the best “innovative solution”.

334. A meeting of the Headquarters Committee on Contracts on 16 March 2017 was cancelled because the case officer was not available. At the next meeting on 12 April, the Committee postponed the decision and requested that the Administration inspect the prototype first.

335. A prototype inspection was needed and used to ensure that the vendor complied with the statement of requirements. The first inspection, from 29 June to 5 July 2017, revealed that, although the vendor excelled in the technical evaluation (99 per cent), the specifications of the solar power system module differed from the proposal. In addition, the Administration introduced new requirements and requested the inclusion of an optional remote-control system and water meters. The vendor was requested to submit price lists for the meters. In March 2018, the Administration conducted a second inspection. In parallel, the Administration inspected the prototype of a second vendor in case the other system failed the inspection. Both inspections concluded with positive results.

Contract for a regional jet

336. The contract for a regional jet was valid from 21 July 2018 to 20 July 2020 with the option to extend the contract period by another year. The target value for the first two years was \$4.7 million.

337. The Board found that the Administration increased the capacity requirement to 50 passengers, from 40 passengers in the previous contract. The actual utilization rates attached to the procurement file indicated an average number of passengers below 40.

338. The Administration stated that despite the aircraft’s seating capacity, the actual aircraft performance was based on various factors such as the airfield, the outside

temperature and the aircraft's capacity for cargo/luggage. The performance requirements were the same as in the previous contract. The Board notes that the Administration's statement indicates that the requirements would have been better reflected as logistical needs.

Assessment

339. Among other things, the reviewed cases show that:

- (a) Solicitations are not initiated in time;
- (b) Statements of requirements and technical specifications do not reflect the actual need and the files do not record a justification for the level of requirements;
- (c) The technical evaluation matrix is not suited to identifying the best offer and does not give reasonable assurance that the proposals meet the requirements;
- (d) The prototype inspection procedure is not clear;
- (e) Additional requirements are introduced during the course of the solicitation;
- (f) The procurement process seems to be dependent on individual case officers that do not have alternates; if they are unavailable, the process is delayed.

340. The Board considers it important that the Administration enhance the procurement process, including acquisition planning. This should be done through a simplification of the policy framework, the monitoring of compliance with regard to procurement activities and a quality control mechanism.

341. The Board holds that the current monitoring mechanisms are not suited to identifying and reporting on the majority of the shortcomings noted above. Furthermore, an in-depth analysis of the results measured is required. Some aspects cannot be detected through analytic reports as they are not easily captured by data. In addition, the steps taken in procurement activities are not recorded in Umoja. The Board notes with concern that no process has been established for reviewing the quality of procurement activities. The accountability framework stipulates that heads of entities are expected to proactively identify and manage risks and implement corrective actions to address and control deficiencies as a first line of defence.

342. The Board holds that the following measures could help address the weaknesses: (a) the Department of Operational Support should analyse previous procurement activities that reveal major shortcomings, as noted above, and develop a strategy to address them; (b) key performance indicators should be established that measure quality instead of quantity, which requires that relevant data be recorded in the enterprise systems and the results be evaluated; and (c) a quality control mechanism should be established to ensure that procurement is justified in terms of economy and effectiveness, that the statement of requirements and technical specifications reflect and do not exceed the actual need and that the evaluation procedure is suited to and the most efficient at identifying the best offer.

343. The Department of Management Strategy, Policy and Compliance stated that its main focus was on compliance with the delegation of authority, and that performance management had to be accomplished by the Department of Operational Support. The Department of Management Strategy, Policy and Compliance could only monitor data available in enterprise systems, and not all steps of the procurement process could be recorded in Umoja. In addition, the Department was not in a position to provide detailed qualitative analysis of the indicators, but it was planning to facilitate access to the detailed data behind the indicators. Heads of entities needed to proactively identify and manage risks and implement actions to address and control deficiencies as a first line of defence.

344. The Department of Operational Support stated that a control mechanism was in place through the review and finalization of the statements of work by the Logistics Division, based on inputs from clients and missions, followed by the regular conduct of thorough due diligence by the Procurement Division with regard to the technical/operational requirements.

345. The Board recommends that the Administration establish a review and quality control mechanism for procurement, including acquisition, to ensure that procurement is justified in terms of economy and effectiveness, the statement of requirements and technical specifications reflect and do not exceed the actual need, and the evaluation procedure is suited to and the most efficient at identifying the best offer.

346. The Administration did not accept the recommendation. The Administration stated that the existing procedures and rules governing the overall acquisition/procurement process already addressed the recommendation. Among other things, the Administration referred to the demand/acquisition planning, the source selection plan and the Procurement Manual.

347. The Board's findings show that the procedures and processes in place are not sufficient to address the weaknesses and a quality control mechanism is needed.

No competitive bidding exercise for satellite communications services

348. The United Nations had been using the satellite communications services of an intergovernmental organization based on a memorandum of understanding since the mid-1980s. The organization was privatized in 2001. The United Nations continued the business relations based on a non-exclusive wholesale customers' agreement that was signed on 1 July 2002 for an initial term of five years (from 18 July 2001 to 17 July 2006) with an optional extension of five years. The agreement was directly negotiated on the basis of financial rule 105.16 (a) (i) (i.e., no competitive marketplace existed/proprietary product). The agreement defined rates and services for the leasing of transponder capacity and Internet capacity (an umbrella agreement), but did not include a "not to exceed" amount. The agreement was extended by amendments several times, and amendment 8 extended the period until 2021. The agreement has a target value of \$274 million.

349. Over time, the requirements changed significantly owing to the fact that more and more applications used Internet solutions. The Administration stated that the volume of Internet services increased from 10 per cent in the early stages of the agreement to approximately 60 per cent in 2018, with a corresponding decrease in transponder lease volume.

350. The Administration stated that it was currently preparing a comprehensive request for proposal that would cover various satellite services, for example satellite tracking services, emergency locator services and Internet services.

351. The Board considers it questionable that the United Nations has been purchasing satellite services solely from this supplier. So far, the Secretariat has exceeded the initial period of the agreement of 10 years by an additional 9 years. Furthermore, the scope of the requirements shifted significantly, from transponder leases to Internet services. As it is a non-exclusive agreement, the Secretariat could have initiated a solicitation for satellite services in parallel to the existing agreement. The Headquarters Committee on Contracts has also recommended competition and replacement options.

352. In addition, the Board questions whether the comprehensive request for proposal, foreseen by the Administration to cover a wide range of satellite services, is the best possible approach. Requests for proposals that have complex requirements

often result in lengthy solicitations, technical and commercial evaluations and contract negotiations. As the current term of the contract ends in 2021, that could result in additional years without competition.

353. The Board recommends that the Administration ensure international competition by soliciting Internet capacity services and by analysing the market and alternative solutions for transponder capacity.

354. The Administration accepted the recommendation. It stated that it had freed up an antenna at UNLB, which made a change possible, but the Administration was of the opinion that a change would remain complex and potentially costly.

355. The Board considers it crucial that the Administration initiate the solicitation for Internet capacity services as soon as possible. With regard to transponder capacity, the analysis of the market and alternative solutions should take into consideration the costs of switching providers.

Waiving of commercial criteria for air operators

356. In order to be registered as air operators with the Secretariat for long-term air charter contracts, vendors are required to follow a two-step registration process, namely, desktop technical evaluation and commercial evaluation. Air operators that have been technically evaluated and cleared by the Aviation Safety Section are required to submit a registration application with the required documents/information through the United Nations Global Marketplace platform to be commercially evaluated and to be evaluated for registration at level 2. The gross revenue threshold for air operators is \$10 million annually for the immediate three years. In cases where one or more commercial evaluation criteria are not met, an approval committee can grant a special approval for the registration. In addition, the Office of Supply Chain Management conducts a joint technical vendor registration assessment. In phase one, a desktop evaluation is carried out to determine the contractor's potential capabilities to perform the services required. In phase two, an onsite assessment visit is conducted to verify the implementation of documentation provided by the air operator with the United Nations aviation framework and the audited party's level of fitness for United Nations flight operation services.

357. One staff member from the Air Transport Service and one staff member from the Aviation Safety Section carried out the joint technical vendor registration assessment together. No staff members were identified as back-up in the case that the two staff members were unavailable.

358. The Board reviewed the request for proposal for the provision of unmanned aerial systems at MONUSCO. The vendor with the highest "best value for money" score did not pass the commercial criteria. The certified financial statements indicated a gross revenue as follows: \$39,692 for 2013; \$365,687 for 2014; and \$162,691 for 2015. For 2016, an accounting firm confirmed a gross revenue of \$4,065,086. The Vendor Review Committee, consisting of staff from the Procurement Division, recommended granting a special approval at level 2 to award the contract. Subsequently, the Director of the Procurement Division signed the special approval.

359. The contract was awarded to the vendor. Before the contract was signed, doubts arose as to whether the vendor had the required experience and was capable of providing the services. The Procurement Officer acquired evidence indicating that the vendor had submitted incorrect and misleading information about his operational experience during the registration process. Ultimately, the contract award was cancelled, resulting in negotiations with the remaining vendors and a delay of eight months.

360. The review of the 2017 and 2018 air operator registration statistics showed a special approval rate of 71 per cent (see table II.5). In cases of special approvals, vendors are registered so they can be awarded contracts even though they do not meet the commercial evaluation criteria.

Table II.5

Overview of air operator registrations in 2017 and 2018

<i>Year</i>	<i>Total number of successful registrations</i>	<i>Special approvals</i>	<i>Special approval rate (percentage)</i>
2017	7	5	71
2018	7	5	71

Source: Data submitted by the Administration.

361. The Board acknowledges that, owing to operational requirements, it can be necessary to forego one or more commercial criteria. However, that must be the exception. A company in financial distress most likely reduces costs for training and maintenance. Therefore, when the Administration considers waiving a criterion, it has to ensure that the overall situation of the company is sound. The Administration must document why the company is expected to provide safe and reliable air operations without meeting the financial criteria. Furthermore, the Administration should consider additional monitoring mechanisms to ensure that the operator's financial situation does not affect safety aspects. A comprehensive assessment has to cover all technical, commercial and aviation safety aspects as well as the interdependencies between them.

362. In addition, the Board considers it worrisome that the Secretariat has no qualified back-up staff members for the technical and aviation safety assessment. In cases of planned or unplanned absences of staff members, the technical evaluation cannot be carried out.

363. The Board recommends that the Administration ensure that, in cases in which air operators fail to meet the financial criteria for registration, the electronic Special Approval Committee take into account the interdependencies between the financial position of the company and the safety of its air operations, document the assessment and its result and limit special approvals to exceptional cases.

364. The Board recommends that the Administration train back-up staff for the joint technical vendor registration of the air operator's registration procedure.

365. The Administration agreed with the recommendations and stated that it would train back-up staff for the technical and aviation safety assessment.

10. Locations closure

Closure of eight locations at the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

366. MONUSCO closed eight locations. The locations held assets of considerable financial value. MONUSCO indicated that during the closure of those field units, efficient asset management, gifting/donation and disposal in compliance with the Financial Regulations and Rules of the United Nations were a priority.³⁷ To ensure compliance and efficiencies where possible, MONUSCO established a gifting/

³⁷ MONUSCO, "Terms of reference – gifting/donation committee of United Nations-owned equipment at closing locations", Background, p. 1.

donation committee to review requests and provide advice and support to Mission leadership. Another key objective of this committee was to identify challenges and risks related to asset gifting/donation, as determined by its terms of reference, which were signed on 16 May 2019.³⁸ The terms of reference stated that only United Nations agencies, funds and programmes funded from the assessed contributions could receive assets as gifts or donations. Other entities would have to buy them at residual or nominal value.³⁹

367. With regard to gifting, the terms of reference stated that:

the disposal through gift to an intergovernmental organization, a Government or governmental agency or other non-profit organization of surplus, unserviceable or obsolete items of property can be considered as alternative to commercial sale when it is in the best interest of the Organization (UN Financial Rule 105.23 (e)).⁴⁰

368. The Guide for Senior Leadership on Field Entity Closure stipulates that missions should work with United Nations country teams on potential activities, assets or site transfer to country team staff and prepare them for the field entity closure.⁴¹ Cooperation with the United Nations country team is not among the committee's terms of reference.

369. The Board requested the following documents:

- (a) All eight closure plans, appropriately finalized, dated and signed;
- (b) The Mission support concept relating to the closure of field offices and antenna offices (referenced in the draft closure plans);
- (c) All requests for gifting, and the respective approvals by the senior leadership team;
- (d) Signed and dated physical verification of all assets and inventories, per location, before closure;
- (e) Signed and dated lists, per location, that show all assets (including sea containers) and inventories, whether:
 - (i) Transferred to other MONUSCO locations;
 - (ii) Transferred to UNLB;
 - (iii) Transferred to other missions;
 - (iv) Gifted to the Government of the Democratic Republic of the Congo, United Nations agencies, funds and programmes, international organizations/non-governmental organizations, civil society, etc.;
 - (v) Disposed of by sale, sale of scrap or destruction;
- (f) Approval of the disposal plan signed and dated by the Director of Mission Support;
- (g) Lists of steering committee members, terms of reference and decisions taken, signed and dated;
- (h) Lists of all assets and inventories delivered to the closed locations since 1 July 2018;

³⁸ Ibid., Purpose, p. 1.

³⁹ Ibid., Roles and responsibilities, No. 2, p. 2.

⁴⁰ Ibid., Definitions, A. Gifting, p. 3.

⁴¹ Department of Operational Support, "Guide for Senior Leadership on Field Entity Closure", ref. 2018.08, para. 14.

(i) Financial implications of the closures (revenue, expenses, write-offs, impairments, etc., caused by the closures);

(j) Final closure report.

370. MONUSCO was only able to submit a fraction of the documents. Notably missing were the concepts for the closures of field offices and antenna offices; the final closure reports; requests/approvals for gifting; signed and dated lists of assets at the respective locations; data on asset transfers and disposals; and information on the financial implications of the closures.

371. MONUSCO informed the Board that it did not generate any revenue from the closure of the eight locations. All assets had been gifted, donated or disposed of.

372. The committee's terms of reference considered gifting or donating assets a priority when closing the locations. If all assets were gifted, donated or disposed of, they all were required to be surplus, unserviceable or obsolete, in accordance with financial rule 105.23. It is implausible that all assets in the eight closed locations should happen to have been surplus, unserviceable or obsolete.

373. The Board did not see any evidence of cooperation with the United Nations country team which would have led to a transfer of assets.

374. In the absence of the closure concepts and reports, as well as of sufficient data on asset transfer, gifting and disposal, and subsequent reports, the Board saw no evidence of a coherent decision-making process or of proper documentation.

375. As MONUSCO claimed not to have generated any income from the closure of the eight locations in question, the Board could not but deduce that either the sale or transfer of assets has not been duly considered and/or documented, or that income had been generated, but not to the benefit of MONUSCO.

376. The documents provided do not verify proper closure. The general impression is that of a lack of administrative supervision and of consideration of the economic interest of the United Nations.

377. MONUSCO accepted the Board's suggestion that it ensure that heads of field units remain in their respective posts until the end of the closure, and comprehensively document field unit closures, that these documents include all considerations to sell, transfer, gift or donate assets and at least name the monetary impact and provide lessons learned for the future closure of locations in the light of a mission-wide exit strategy, and that these documents be certified in written form.

378. MONUSCO essentially stated that most of the offices to be closed had been in remote locations and their assets and property were in very poor condition. Therefore, the business case regarding the optimal methods of disposal indicated the need to minimize expense to the Organization. There was no viable option that would result in income, as moving unserviceable equipment would merely have caused unnecessary expense. MONUSCO had instead transferred assets that were still of use to remaining locations, such as vehicles and ICT equipment. The United Nations country team had also received assets, including vehicles, generators and containers. MONUSCO had also solicited interest from local governmental authorities or offered remaining property at no cost to the landlord, be it governmental or commercial, if the property were accepted and removed at no cost to the Mission. Almost all property disposed of had been fully depreciated, with no net book value. Furthermore, no property of any significant market value had been given to any recipient outside the Mission or outside the country team.

379. Draft closure reports for each location had been provided. The Mission had already drafted an after-action review regarding the field office closure, which would

be finalized by the Mission's new Policy and Best Practices Officer, recently recruited by the Mission's Chief of Staff, and then presented to Mission leadership for endorsement. This after-action review should explicitly inform the Mission's preparation with regard to closing additional locations, which was an imperative as the Mission further transitioned into its drawdown phase. MONUSCO would finalize the closure reports of each location and its related after-action report, and would document all considerations of methods of disposal when closing future locations.

380. The Board held that it could not assess the validity of the Mission's response since MONUSCO had still not provided all the information the Board had requested. Some of the files MONUSCO cited in its response were made available at a stage that no longer allowed the Board to properly analyse them. The Board stresses that the closure of locations has a profound effect on the assets and on the financial position of any mission, and that MONUSCO was not able to provide a file that showed the overall financial results of the closures.

Sale of United Nations Mission in Liberia assets during liquidation

381. The mandate of UNMIL ended on 30 March 2018. UNMIL physically closed on 28 June 2018, but post-closure activities extended into the financial year 2018/19. Following the liquidation of a peacekeeping operation, equipment and other property are to be disposed of in accordance with the Financial Regulations and Rules, specifically regulation 5.14.

382. In general terms, regulation 5.14 stipulates a hierarchical approach to handling equipment and other property following the liquidation of a peacekeeping operation. Property is to be redeployed first to other peacekeeping operations or be put into reserve, while property not required for current or future peacekeeping operations may be redeployed to other United Nations activities funded from assessed contributions. Property not needed for those activities may be sold to other United Nations agencies, international organizations or non-governmental organizations. If property cannot be redeployed or sold, it is subject to commercial disposal.

383. In June 2018, UNMIL sold items with an acquisition value of \$0.68 million to a United Nations agency for \$0.027 million. Among the items sold were 10 vehicles with an acquisition value of \$0.24 million and acquisition dates as recent as July 2016. The 10 vehicles were sold for \$7,973.01. One year after the sale, in June 2019, the property survey board in UNLB decided that the items in question were to be declared surplus and written off. The recommended disposal method was sale at nominal value (10 per cent of depreciated value). The decision was made ex post facto since the sale had occurred a year earlier.

384. The sale was originally authorized on paper by a FS-4 asset manager working in supply chain management at UNMIL. To authorize the write-offs of assets, as in this case, delegation of authority and a particular user role in Umoja is required. The asset manager had neither the delegation of authority nor the Umoja role. The staff member authorized the transaction less than a month before his appointment expired and no longer works for the United Nations. In Umoja, the assets were retired more than a year later by UNLB staff members who had the required user roles.

385. The Board holds that the sale of the items at nominal value happened in violation of the Financial Regulations and Rules, specifically regulation 5.14. As described above, this regulation applies to the disposition of assets following the liquidation of a peacekeeping operation. The mandate of UNMIL ended on 30 March 2018 and the mission was liquidated. The assets were disposed of in June 2018. Thus, regulation 5.14 was applicable. Still, the disposal hierarchy of regulation 5.14 was not complied with. Regarding the 10 vehicles in particular, it is highly probable that they could have been redeployed to other peacekeeping operations or put into reserve. Even if the third

level of the hierarchy had been reached (sale to other United Nations agencies, international organizations or non-governmental organizations), the sale should not have been made at nominal value but on commercial terms (rule 105.24).

386. The transaction was signed off on paper by a staff member who had neither the delegation of authority nor the Umoja role required. The Board holds that this highlights weaknesses in organizing and supervising the liquidation. It is also questionable whether disposal decisions should be made by staff members who are about to be separated from the United Nations.

387. To justify the sale at nominal value, UNLB invoked rule 105.23 (e) which says:

Property, plant and equipment, inventories and intangible assets of the United Nations that are declared surplus...following a recommendation by a review body shall be disposed of, transferred or sold after competitive bidding, unless the review body determines that the interests of the United Nations will be served through the disposal of the property by gift or by sale at a nominal price to an intergovernmental organization, a Government or governmental agency or some other non-profit organization.

The Property Survey Board of UNLB declared the items as surplus to be written off. The Property Survey Board further recommended that the loss, represented by the total acquisition value of \$683,547.11, be absorbed by the Organization. The Board holds that the items were not surplus, and rule 105.23 was not applicable. Instead, it was a case of disposition of assets of a peacekeeping operation following its liquidation (regulation 5.14). In addition, the Board holds that the Property Survey Board came to its conclusion too late.

388. The Board holds that the case reveals several weaknesses in the process of disposing assets of a liquidated peacekeeping operation: regulation 5.14 was not complied with, resulting in a loss for the United Nations; the sale of assets was authorized by a staff member who had neither the required delegation of authority nor the Umoja user role and who separated from the United Nations shortly after, indicating deficiencies in organizing and supervising the liquidation; and the Property Survey Board of UNLB designated the transaction as a surplus write-off through sale at nominal value a year afterwards, invoking rule 105.23 (e), which was not applicable.

389. The Board recommends that the Administration ensure that heads of field units stay at their posts and remain responsible for the closure of their units.

390. The Board recommends that the Administration ensure that documents on the closure of field units be certified in written form and include all decisions to sell, transfer, gift or donate assets; record the signatures and offices of the recipients of these assets and detail the monetary impact; and conclude a document on lessons learned for further closure of locations.

391. The Administration accepted both recommendations. It stated that in order to ensure appropriate liquidation processes and the coordination of liquidation activities both in situ and with Headquarters offices and related service centres, it saw the need to review staffing needs at each location for key staff required for the transfer of knowledge and, after the liquidation date, to finalize outstanding tasks, mitigate the risks of financial liabilities and fully close the financial and administrative reporting upon a mission's liquidation. It had issued the Guide for Senior Leadership on Field Entity Closure as a substantial revision and strengthening of the Secretariat's framework for the closure and liquidation of missions and other Secretariat entities.

392. In addition, a number of initiatives had been implemented in 2019, as part of the management reforms of the Secretary-General, that would directly improve the Secretariat's support for the downsizing and closure of its entities where needed.

393. In the case of UNMIL, in paragraph 13 of its resolution [2333 \(2016\)](#), the Security Council had directed that UNMIL work closely with the United Nations country team and its component agencies to implement the results of the country team's mapping exercise (i.e., peacebuilding plan) to address gaps in capabilities to accelerate preparations for the Mission's drawdown and closure. With regard to MONUSCO, in paragraph 44 of its resolution [2463 \(2019\)](#), the Council underscored the need to progressively transfer its tasks to the Government of the Democratic Republic of the Congo, the United Nations country team and other relevant stakeholders in order to enable its responsible and sustainable exit.

394. Accordingly, the Secretariat was of the opinion that in both cases it had proceeded in the best interest of the Organization, but that further clarification would be sought from the Office of Legal Affairs as a guide for future decisions of this nature. Furthermore, the Secretariat was mindful that, with regard to the observation of the Board that it might be implausible that the items in question transferred by MONUSCO would have zero value, assets that remained useful (and were not fully depreciated) were transferred elsewhere to meet needs within the Mission, not recorded as disposals. It concurred that appropriate staffing should be maintained during the closure of a peacekeeping mission.

395. The Board recommends that the Administration ensure that disposals are compliant with regulation 5.14 of the Financial Regulations and Rules of the United Nations and are authorized.

396. The Administration did not accept the recommendation and noted that during the phased closure or downsizing of a mission, rule 105.23 was the key determinant of property disposal decisions. Accordingly, it stated that rule 105.23 was applicable, since the decision to dispose of the assets had been taken before the end of the mission mandate and before entering the liquidation phase.

397. The Board recalls that the mandate of UNMIL ended on 30 March 2018 (see Security Council resolution [2333 \(2016\)](#)). The withdrawal period lasted from 1 July 2017 to 30 April 2018 and the liquidation phase lasted from 1 May to 30 June 2018 ([A/73/692](#), para. 8). The assets in question were disposed of in June 2018 and the disposal was not formally authorized before June 2019, as described above. Thus, the Board reiterates that the disposal decision was made during the liquidation period and regulation 5.14 was applicable. In its report entitled "Observations and recommendations on cross-cutting issues related to peacekeeping operations" ([A/73/755](#)), the Advisory Committee on Administrative and Budgetary Questions recommended that the Secretary-General include disaggregated information for assets disposed of in the preliquidation and liquidation periods in the performance reports of closing missions. The Board emphasizes that its observations underline the need for such reporting as well as clarifications on the applicable Financial Regulations and Rules.

C. Disclosures by management

1. Write-off of cash, receivables and property

398. The Administration reported to the Board that property amounting to \$18.8 million (\$46.0 million in 2017/18) had been written off during 2018/19. Of those write-offs, \$6.5 million related to equipment and \$12.3 million related to real estate assets. The main reasons for equipment write-offs were losses and other circumstances (\$4.0 million) and donations to governments (\$1.4 million). The main reason for real estate write-offs were donations to governments concerning MINUSMA (\$8.3 million) and UNSOS (\$3.8 million). The Administration also reported that losses amounting to \$0.2 million (\$4.3 million in 2017/18) had been written off in respect of cash and receivables because they were considered irrecoverable.

2. Ex gratia payments

399. The Administration reported to the Board that no ex gratia payments had been made.

3. Cases of fraud and presumptive fraud

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

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

402. During the period under review, the Office of the Controller reported 26 cases of fraud to the Board, involving an amount of \$0.08 million, as well as 102 cases of presumptive fraud, involving an amount of \$12.74 million. Unlike in previous years, the cases of fraud and presumptive fraud are now shown separately. The previous years' figures are shown in table II.6. Comparing those figures is challenging, as they depend on fraud detection and the amount involved is often reported as unknown. In accordance with the Financial Regulations and Rules of the United Nations, the Board is obliged to include a list of cases of fraud and presumptive fraud in its report, as provided by the Administration.

Table II.6

Cases of fraud and presumptive fraud reported in peacekeeping operations

<i>Period ended</i>	<i>Fraud</i>		<i>Presumptive fraud</i>	
	<i>Number of cases</i>	<i>Amount (millions of United States dollars)</i>	<i>Number of cases</i>	<i>Amount (millions of United States dollars)</i>
30 June 2019	26	0.08	102	12.74
30 June 2018	8	0.21	107	16.05
30 June 2017	11	0.02	28	9.38
30 June 2016	Not reported separately, in total 27 cases involving \$4.54 million			

Source: Information provided by management.

D. Acknowledgement

403. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretaries-General for Management Strategy, Policy and Compliance, Peace Operations, Operational Support and Internal Oversight Services and the Controller and members of their staffs, as well as the staff at the missions.

(Signed) Kay **Scheller**

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

(Signed) Rajiv **Mehrishi**

Comptroller and Auditor General of India

(Signed) Jorge **Bermúdez**

Comptroller General of the Republic of Chile

24 January 2020

Annex I

Missions audited

Active peacekeeping operations

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

Special-purpose accounts

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

Closed peacekeeping operations

1. United Nations Operation in Burundi (ONUB), closed on 31 December 2006
2. United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL), closed on 31 December 2005
3. United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISSET), closed on 20 May 2005
4. United Nations Iraq-Kuwait Observation Mission (UNIKOM), closed on 6 October 2003

¹ MINUSTAH transformed into MINUJUSTH on 16 October 2017.

5. United Nations Mission in Bosnia and Herzegovina (UNMIBH), closed on 30 June 2003
6. United Nations Mission of Observers in Tajikistan (UNMOT), closed on 15 May 2000
7. United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH), closed on 15 March 2000
8. United Nations Mission in the Central African Republic (MINURCA), closed on 15 February 2000
9. United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM), closed on 26 February 1999
10. United Nations Preventive Deployment Force (UNPREDEP), closed on 28 February 1999
11. United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG), closed on 15 October and 30 November 1998
12. United Nations Observer Mission in Liberia (UNOMIL), closed on 30 September 1997
13. United Nations Peace Forces (UNPF), closed on 30 June 1997
14. Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA), closed on 31 May 1997
15. United Nations Mission in Haiti (UNMIH), closed on 30 June 1996
16. United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR), closed on 19 April 1996
17. United Nations Observer Mission in El Salvador (ONUSAL), closed on 31 May 1995
18. United Nations Operation in Mozambique (ONUMOZ), closed on 31 March 1995
19. United Nations Operation in Somalia (UNOSOM), closed on 3 March 1995
20. United Nations Military Liaison Team in Cambodia (UNMLT), closed on 15 November 1994
21. United Nations Transitional Authority in Cambodia (UNTAC), closed on 5 May 1994
22. United Nations Transition Assistance Group (UNTAG), closed on 21 March 1990
23. United Nations Iran-Iraq Military Observer Group (UNIIMOG), closed on 31 March 1991
24. Special Account for the United Nations Emergency Force (UNEF), closed on 30 June 1967
25. Ad Hoc Account for the United Nations Operation in the Congo (ONUC), closed on 30 June 1964
26. United Nations Mission in Ethiopia and Eritrea (UNMEE), closed on 31 July 2008

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

Annex II

Status of implementation of the outstanding recommendations of the Board as at 30 June 2019

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
A/68/5 (Vol. II), chap. II, for the period ended 30 June 2013							
Procurement and contract management							
1. The Procurement Division accepted the Board's recommendation that it enhance the collection of contractor performance reports, and make better use of the information, to facilitate decision-making in contract awards or extensions.	para. 44	The contract performance reporting tool is operational. GSC initiates a request to missions to complete quarterly performance reports on selected system contracts and mission-specific contracts, and the results are then analysed. The Centre notifies the Strategic Sourcing Service/Logistics Division and the Procurement Division of evaluations with ratings below "acceptable" (below 3.00) for consideration and further action. Focal points in missions, the Logistics Division and the Procurement Division have been provided access to the tool. The second phase, which includes approximately 3,600 contracts, and has an automated link to Umoja and an instant feedback mechanism, is expected to be completed by the end of 2020.	The Administration clarified that the tool had not been extended to capture all contracts. A second phase of the project was planned to include all contracts and use a simplified rating system. The recommendation remains under implementation.		X		
Subtotal, 1 recommendation (percentage)				0	1 (100)	0	0

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

1. The Board recommends that the Administration strengthen the composition review process for strategic deployment stocks in consonance with field requirements and ensure that items in strategic deployment stocks are regularly rotated.	para. 66	The Administration explained that, based on the planning assumptions for the 2019/20 financial period and in accordance with the revised concept of operations, UNLB has reviewed the composition of the strategic deployment stocks in collaboration with stakeholders at Headquarters and in field missions. The	The recommendation has been implemented.	X			
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Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
		new composition took various criteria, especially security and environmental aspects, as well as the OIOS review and evaluation of strategic deployment stocks (A/71/798), into account.					
Implementation of the global field support strategy							
2. The Board recommends that: (c) the activities relating to the succession management plan be completed in a time-bound manner, especially the compiling of a skills inventory and the reprofiling and certification of posts.	para. 282	The Administration has issued guidance to the missions on the reprofiling and certification of posts for key supply chain functions and is about to build a pool of roster candidates. This has not been completed for remaining functions, including property management and business intelligence. With the recent restructuring of the departments, the Office of Human Resources will, as part of the Secretary-General's reform, be developing an inventory of skills and a strategic approach to workforce planning.	The recommendation remains under implementation.		X		
Subtotal, 2 recommendations (percentage)				1 (50)	1 (50)	0 (0)	0 (0)
A/71/5 (Vol. II), chap. II, for the year ended 30 June 2016							
Financial reporting							
1. The Board recommends that the Department of Management and the Department of Field Support work towards the phasing-out of the standard cost methodology and towards the recognition of the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets.	para. 27	The recommendation has been subsumed under the newly issued recommendation in chapter II, paragraph 33, of A/72/5 (Vol. II) .	The new rate structure was implemented as at 1 July 2019. The Board will assess the structure during its audit of the financial year 2019/20. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
2. The Board reiterates its recommendation that the Administration review the useful lives of fully depreciated assets that are still in use.	para. 40	The Administration stated that it would await the outcome of the United Nations System Chief Executives Board for Coordination survey on the actual useful lives across all United Nations agencies to serve as a basis for the revision of the expected useful lives. The Administration also plans to introduce enhancements to equipment master records that will allow for a periodic review of useful lives across entities using Umoja. In the meantime, the Administration will continue with the practice of making the adjustment of 10 per cent of the accumulated depreciation of the fully depreciated assets.	The recommendation remains under implementation.		X		
3. The Board recommends that the Department of Management and the Department of Field Support settle receivables from United Nations related party entities within 12 months.	para. 48	The target date for implementation was December 2019.	The recommendation remains under implementation.		X		
Welfare							
4. The Board recommends that the Administration ensure the preparation of annual financial reports of welfare and recreation committees.	para. 86	The Administration stated that all missions completely disposed of the cash of welfare committees and severed all relations with them. As a result, the missions were not in a position to interfere with or advise unrelated entities regarding the recommended preparation of their annual financial reports. The Administration further stated that it was also inappropriate for missions to request the submission of such financial reports from unrelated entities, such as welfare or recreation committees.	The recommendation was overtaken by events.				X

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Asset and property management							
5. The Board also recommends that missions update the implementation road map to bring it into line with Department of Field Support directives. The road map should be translated into detailed milestones with relevant key performance indicators to measure performance during the implementation process.	para. 139	This recommendation was developed based on an independent action by MONUSCO to develop an implementation road map. Subsequently, the Board recommended that the Mission align its action with the initiative of the Department of Field Support on supply chain management. MONUSCO updated the road map in line with the directives.	The recommendation is considered implemented.	X			
Air operations							
6. The Board recommends that the Department of Field Support define clear roles and responsibilities for United Nations use and coordination of air assets.	para. 145	The Administration indicated in paragraph 68 of the report of the Secretary-General on the financing of peacekeeping operations (A/73/776) that the establishment of the Department of Operational Support's integrated "end-to-end" supply chain functions presented an opportunity to create an efficient, agile, client-oriented and accountable portfolio of services. Accordingly, the Administration is in the process of conducting a comprehensive review of the roles and responsibilities of the Strategic Air Operations Centre, the Transportation and Movements Integrated Control Centre and the Global Procurement Support Section. Once completed, the Administration will submit a proposal to the General Assembly in the context of its 2020/21 proposal for necessary guidance and decision.	The recommendation remains under implementation.		X		
7. The Board also recommends that the Department of Field Support realign the strategic air operations objectives so that the Strategic Air Operations Centre and the Transportation and Movements Integrated Control Centre are able to revise their standard operating procedures, key performance indicators, workplans and job descriptions.	para. 146	See management response to recommendation 6, above.	The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Acquisition planning and procurement management							
8. The Board recommends that the Procurement Division coordinate with the Department of Field Support on how to include the process of establishing the regional acquisition plan of the Regional Procurement Office in the process of developing the global acquisition plan.	para. 208	A global demand and acquisition plan has been developed in alignment with the category management approach. The plan provides comprehensive analysis, flexibility and options to enable the Organization to derive its requirements, including modalities to satisfy demand, such as through global, regional, local or existing reserves. Effectively, this plan enables the Organization to derive a regional acquisition plan without necessarily having to conduct an independent formulation of a regional plan.	The global demand and acquisition plan identifies regional sourcing options. While the Global Procurement Support Section (formerly the Regional Procurement Office), still needs to identify lead missions for regional contracts, the Section did not need to establish a separate regional acquisition plan. The recommendation is considered implemented.	X			
9. The Board recommends that procurement officers and requisitioners track and monitor procurement procedures covering the relevant steps, and that they share this information.	para. 217	The Administration stated that the recommendation would be implemented upon the roll-out of Umoja Extension 2, which was scheduled for December 2019. The Administration then stated that the recommendation would be implemented with the roll-out of e-tendering. The project was due to commence in the first quarter of 2020 with the Procurement Division as the first entity to utilize the e-tendering solution, followed by an approved plan to deploy the solution to the rest of the Secretariat offices during 2020.	The recommendation remains under implementation.		X		
10. The Board recommends that the role of the Regional Procurement Office be further defined in order to integrate it into the existing procurement structure (mission procurement sections and the Procurement Division) to allow for full usage of the Office, in	para. 248	Following the implementation of the Secretary-General's management reform, the procurement and logistics functions have been integrated under the Office of Supply Chain Management. The Regional Procurement Office was renamed the Global Procurement Support Section and reports to the Director of the Procurement Division in the Office of Supply Chain	The Section's 2012 service level agreements with some missions, 2014 governance model and 2015 framework policy have not yet been revised. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
accordance with General Assembly resolution 70/286 .		Management. This has effectively integrated the Section into the existing procurement structure within the integrated supply chain management framework. The Administration further stated that it was conducting a study on the roles and responsibilities of the Strategic Air Operations Centre, the Transportation and Movements Integrated Control Centre and the Global Procurement Support Section, and would update the relevant governance documents.					
Human resources							
11. The Board recommends that the Administration examine whether an interface between e-PAS and Umoja can be established at a reasonable cost to ensure that the processing of salary increments for staff is linked to e-PAS. In the meantime, the Administration should ensure that staff appraisals are completed in line with performance management and policy and that those salary increments are given on the basis of satisfactory performance as documented in e-PAS.	para. 288	The Administration stated that any interface between Umoja and Inspira which automates salary withholding violates the Organization's policy, which puts that decision under the authority of the Second Reporting Officer. Similarly, since the decision needs to be made on the basis of the rating by the First Reporting Officer in the performance document, there is no legal basis to withhold a salary increment from staff without a document. The lack of a legal basis for an automatic procedure does not justify the cost of creating such an interface between Umoja and Inspira.	The Administration outlined that an interface could not be established at a reasonable cost. In addition, second reporting officers are required to communicate with human resources partners when there is a need to withhold within-grade increments due to poor performance. The recommendation is considered implemented.	X			
12. The Board recommends that the Administration ensure that the complete personnel files of international staff are registered in one location or within one system, managed by Headquarters, and explore the possibility of establishing a registry with digitized staff personnel files.	para. 294	The former Personnel Records Unit of the Office of Human Resources, which moved to the Department of Operational Support as at 1 January 2019, is in the process of launching a records management system in Unite Docs which will serve as an electronic version of the physical official status files. A draft administrative instruction consolidating the instructions on the annual inspection of official status files with other instructions and circulars on personnel records and official status files is under preparation and is tentatively	The Administration stated that RSCE had successfully transferred its files, while files from active and newly established missions and KJSO were pending. The Board selected a sample of 19 files, 1 of which was not available. Seven files contained only copies and were incomplete. The		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
		scheduled to be sent out for the required written consultation with management and staff representatives Secretariat-wide in December 2019/January 2020. The target date for implementation is the first quarter of 2021.	recommendation remains under implementation.				
Subtotal, 12 recommendations (percentage)				3 (25)	8 (67)	0 (0)	1 (8)

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

Financial reporting

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| 1. The Board reiterates its recommendation that the Administration phase out the standard cost methodology and recognize the actual associated costs of acquired items of property, plant and equipment that qualify for recognition as assets. | para. 33 | The Administration stated that the use of standard cost for freight remained the most feasible methodology for the fractional portion of capitalization cost. Therefore, the Administration did not agree with the view of the Board that the use of standard cost, without regard to its materiality, was not compliant with IPSAS. The Administration commented that, as the best practical option, it analysed freight costs of each mission and came up with a standard cost for individual missions. It stated that this was a vast improvement from a single rate that was used for all missions. The new rate structure was implemented as at 1 July 2019 and the Administration noted that it was committed to updating the rate regularly. In the light of those considerations, the Administration requested the closure of the recommendation. | The new rate structure was implemented as at 1 July 2019. The Board will assess it during its audit of the financial year 2019/20. The recommendation remains under implementation. | X |
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Welfare and recreation committees

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|---|----------|---|--|---|
| 2. The Board recommends that the Administration revise its policy and standard operating procedure on welfare and recreation committees and issue clear guidance in the areas of workplans, compliance reports, cash management and monitoring of revenues. | para. 88 | The Administration stated that it would update the standard operating procedures. | The recommendation remains under implementation. | X |
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Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Air operations							
3. The Board recommends that the Administration establish a central budget for all strategic air operations and consider including all regional air operations and air troop movements in it.	para. 99	The recommended central budget is not permitted by the legislative bodies. In paragraph 84 of its report A/72/789 , while concurring with the overall principle of centralized command and control over air assets, the Advisory Committee on Administrative and Budgetary Questions acknowledged the institutional impediments to the establishment of centralized aviation budgets under existing arrangements.	The General Assembly endorsed the recommendation in its resolution 72/8 B . The Administration needs to keep to all Assembly resolutions and implement the recommendation. The recommendation remains under implementation.		X		
4. The Board recommends that the Department of Peacekeeping Operations and the Department of Political Affairs be put in charge of determining and keeping updated missions' current aircraft demands within budget limitations, and request missions to draft an air operations concept in close cooperation with the Department of Field Support. This air operations concept should include commercial and military aircraft as well as unmanned aerial systems. It should be based on the mission concept and the mission support concept as well as the military and the police concepts of operations. The Statements of Unit Requirements derived from the mentioned air operations concepts should be realistic and in accordance with the capabilities of aviation military units of that size. The Department of Field Support should be involved in the Statement of Unit Requirements process.	para. 113	The details of the concept of employment of the aviation assets are spelled out in the relevant military strategic concept of operations based on the relevant mandate and mission concept. The aviation Statements of Unit Requirements are prepared for every type of aviation unit in accordance with the valid mission concept of operations. It is important to highlight that not only related documents such as policies, guidelines, standard operating procedures and manuals are employed during the process of drafting Statements of Unit Requirements, but also strategic reviews, technical reviews or assessments and military capability studies. In line with this, the Military Planning Service in the Office of Military Affairs, in coordination with the Air Transport Section of the Department of Operational Support, has conducted aviation reviews and is revisiting aviation unit Statements of Unit Requirements to assess air military assets, in order to be realistic in accordance with the capabilities of aviation military units and to increase the efficiency of the aviation requirements. In accordance with the planning policy, there are only three operation concepts:	The Administration is still discussing the recommendation rather than implementing it, even though it was endorsed by the General Assembly in its resolution 72/8 B . The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification		
				Implemented	Under implementation	Not implemented Overtaken by events
		<p>military, police and support.</p> <p>Consequently, an aviation concept is not included in the policy, and it would be very challenging to develop a single air operations concept, since the military and commercial objectives and nature are different. Moreover, the military aviation assets do not constitute a specific military component, but serve as multipliers within the military operation concept, and the remaining capability is used in support of mission requirements. Nevertheless, the Administration will establish a working group, which will include the representatives of the departments involved, to discuss the status and further implementation of the recommendation.</p>				
5. The Board recommends that the Administration consider delegating coordination and tasking authority for all peacekeeping and special political missions' strategic air operations to the Strategic Air Operations Centre.	para. 119	The Administration requests the closure of the recommendation owing to the rejection of a similar recommendation in para. 273 of A/73/5 (Vol. II) , chap. II, by the General Assembly.	The General Assembly endorsed the recommendation in its resolution 72/8 B . The Administration needs to keep to all Assembly resolutions and implement the recommendation. The recommendation remains under implementation.		X	
6. The Board further recommends that the Administration consider subordinating the air operations component of the Transportation and Movements Integrated Control Centre to the Strategic Air Operations Centre to command and control the commercial and military aircraft of the regional missions.	para. 121	The recommendation has been overtaken by events. This recommendation is similar to the recommendation in para. 273 of A/73/5 (Vol. II) , chap. II, which was rejected by the General Assembly in its resolution 73/268 B .	The General Assembly endorsed the recommendation in its resolution 72/8 B . The Administration needs to keep to all Assembly resolutions and implement the recommendation. The recommendation remains under implementation.		X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
7. The Board recommends that the Department of Peacekeeping Operations collaborate with the missions to determine which fixed- and rotary-wing military aircraft can be replaced by commercial aircraft, provided this is less cost-intensive and does not have a negative effect on safety and security.	para. 127	The Administration stated that the missions, in collaboration with Headquarters, have implemented the recommendation and provided studies and assessments conducted by the missions.	The recommendation has been implemented.	X			
8. The Board recommends that the Administration develop key performance indicators that reflect efficient and cost-effective use of commercial and military aircraft, including unmanned aerial systems. The indicators should also include total costs, including letters of assist, memoranda of understanding and all other costs related to air operations. Memorandum of understanding costs should be included as part of a contingent-owned equipment unit's key performance indicators.	para. 132	The Administration stated that the development of the key performance indicators is ongoing.	The recommendation remains under implementation.		X		
9. The Board recommends that the Administration issue guidelines which cover the entire process of the letter of assist and the related memorandum of understanding for military aircraft. The guidelines should set out the respective roles of the Department of Peacekeeping Operations and the Department of Field Support, the Procurement Division of the Department of Management and the Headquarters Committee on Contracts. They should designate an accountable and responsible process owner and regulate the competitive selection of contributing countries as well as the calculation of reimbursement rates or fixed costs included in the	para. 139	The Department of Operational Support is leading the development of an operational guidance on letters of assist. A cross-functional working group comprising of representatives from the Department of Operational Support and the Office of Information and Communications Technology and staff members who work with Umoja, is developing the process steps and the assignment of the roles and responsibilities associated with this process. Complete guidance is expected to be promulgated during the third quarter of 2019. Once finalized, the Department of Operational Support will work closely with the Umoja team to integrate the applicable steps of the letter of assist process into Umoja.	The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Manual on Policies and Procedures Concerning the Reimbursement and Control of Contingent-Owned Equipment of Troop/Police-Contributors Participating in Peacekeeping Missions.							
10. The Board recommends that the Administration implement the letter of assist process in Umoja.	para. 140	See management response to recommendation 9, above.	The recommendation remains under implementation.		X		
11. The Board recommends that the Administration analyse non-United Nations passenger requirements authorized by Security Council mandates. Non eligible non-United Nations passengers must not be taken into account when calculating overall air transport capacity need.	para. 144	The Department of Operational Support stated that the requirements for aviation assets for each mission were determined based on utilization trend analysis, which excludes non-United Nations passengers. In addition, the Department stated that it had developed a policy on the transportation and cost-recovery of non-United Nations passengers on United Nations air assets.	The Department has not yet provided the policy to the Board. The recommendation remains under implementation.		X		
12. The Board recommends that the Administration consider future air operations cooperation with the World Food Programme.	para. 159	The Department of Operational Support stated that all field missions had been reminded to engage the humanitarian agencies in discussions regarding the signing of a technical agreement. The missions confirmed that they had signed or considered signing the agreements with the humanitarian agencies, whose air assets could be used by the missions. The Board was provided with a status update of the cooperation between missions and the World Food Programme.	The recommendation has been implemented.	X			
13. The Board recommends that the Administration appoint staff senior enough to oversee and ensure the implementation of internal review recommendations even if two departments are affected.	para. 168	The Department of Operational Support stated that the Assistant Secretary-General for Supply Chain Management was appointed by the Under-Secretary-General for Operational Support to oversee the implementation of the United Nations air operations internal review recommendations.	The recommendation has been implemented.	X			

				Status after verification			
Summary of recommendations	Reference	Management response in brief	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Delegation of authority							
14. The Board recommends that the Secretariat implement the system for delegating authorities in Umoja. In the meantime, relevant documents authorizing a decision should be uploaded to Umoja.	para. 192	The Administration appreciates the recommendation but it holds that the dedicated online portal for the issuance and management of delegations to heads of entities, and subdelegations from heads of entities to staff, is the most appropriate tool at this time. The Administration wishes to point out that using Umoja is not feasible for the following reasons: (a) Umoja would not cover all aspects of the delegated authorities, since not all of them require Umoja roles (e.g., approval of outside employment); (b) Umoja roles are granted through the user access provisioning rules, which are routinely updated as a compensating control; (c) the alignment of Umoja roles with any required subdelegations is part of the monitoring activity performed by entities and by Headquarters; (d) certain subdelegations require Inspira roles to be exercised, not Umoja roles; and (e) not all subdelegations that entail a role in Umoja are exercised in Umoja for valid reasons (e.g., senior officials subdelegate their authorities in full, or receive an authority only for the purpose of subdelegating it to avoid having conflicting roles such as certifying/approving officer, or exercise the authority outside Umoja as the Umoja transaction requires functional expertise – as in the case of approving purchase orders and contracts, regardless of the amount). The Administration put in place compensatory controls to validate the Umoja access granted vis-à-vis the new delegation framework. The recommendation was formulated and accepted in 2017, but has been overtaken by events with the launch of the new comprehensive delegation framework covering all functional areas, which became effective from January 2019.	The Board holds that when approvals are done outside the system, the United Nations is not making use of the functionality of Umoja and the capability of automatic controls. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Management of the Regional Service Centre in Entebbe							
15. The Board recommends that the Department of Field Support and the Regional Service Centre in Entebbe clearly define their relationship and the Centre's relationship to client missions, revise and simplify the delegations of authority and update the relevant agreements.	para. 201	RSCE received adequate delegation of authority as at 1 January 2019. The major change from the previous delegation of authority is that the Centre's delegation is no longer granted through the missions, but rather directly to the Centre and is functional. The framework includes service provision for all missions in Africa. No other office has the authority to transact for peacekeeping and special political missions in Africa.	As of January 2019, the new delegation of authority framework became effective. RSCE received transactional delegation as a service centre. In addition, it was clarified that RSCE receives delegation of authority only through the Department of Operational Support. As the framework changes the setup, the recommendation is considered to be overtaken by events.				X
16. The Board recommends that the Department of Field Support, together with the Regional Service Centre in Entebbe, review the objective of the key performance indicators and redefine the indicators to provide an effective management tool.	para. 208	The objective of key performance indicators is to monitor and report on the efficiency and effectiveness of the service delivery by RSCE, in terms of both productivity (outputs) and performance (indicators of achievement). In 2018, RSCE, in coordination with its client missions and the Department of Field Support, undertook a review of all its indicators. The review included additional indicators for both RSCE and Headquarters. Some were abandoned. The indicators were included in the new service level agreements. During the most recent client board meeting, held in December 2019, RSCE encouraged missions to start tracking mission-specific key performance indicators outlined in the service level agreements in order to improve overall indicators across the end-to-end process.	The Board noted that the revised indicators do not cover factors that prevent RSCE from achieving targets, such as the late submission of requests or late mission approvals. Without this information, the indicators cannot be used as a management tool. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
17. The Board recommends that the Department of Field Support, together with the Regional Service Centre in Entebbe, measure the workload of the Centre and base the scalability model on the actual workload.	para. 215	RSCE developed a new scalability model that derives its staffing level based on a full-time equivalent analysis. The model is based on time per transaction and projected annual volumes, taking into consideration the projected staffing level of the client missions for the 2019/20 financial period. The new scalability model, which was endorsed by Headquarters, was used to develop the Centre's budget for the 2019/20 financial period.	RSCE revised the model, which is now based on a new methodology. As the revised model has to be assessed anew, the recommendation is considered to be overtaken by events.				X
Procurement							
18. The Board recommends that the Administration analyse the landed costs and implications of the vendor's obligation to deliver goods for the major types of commodities and develop guidance for solicitations regarding the determination of delivery terms/international commercial terms that result in best value for money, taking into account the total costs of goods, including the cost of freight, regardless of whether freight is included in the price of goods or contracted separately.	para. 223	The key to developing a solid basis for the establishment and recording of freight forwarding costs in Umoja is the establishment of global freight forwarding systems contracts. In the interim, until the contracts are in place, the Procurement Division has developed and implemented standard operating procedures for the conduct of market surveys for freight costs in order to facilitate the analysis of landed costs. In addition, as part of the category management project, the Department of Operational Support is incorporating the consideration of the most suitable delivery terms into the strategy for each procurement category.	The recommendation remains under implementation.		X		
19. The Board recommends that the Administration provide clear guidance on recording the costs of freight forwarding services and terms of agreements in Umoja and link those costs to the procured items.	para. 229	A category management approach for freight forwarding services has recently been initiated that will lead to the formulation of a long-term strategy. The Office of Supply Chain Management, in coordination with field missions, has made progress in gathering sufficient data to establish a solid usage model in support of the move to global long-term arrangements for freight forwarding services. In addition, more visibility is expected from the continued implementation of the Umoja transportation management module.	The recommendation remains under implementation.		X		

	<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
					<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
20.	The Board recommends that the Procurement Division, in collaboration with the Department of Field Support, initiate the solicitation of a global systems contract for freight forwarding services.	para. 234	A category management working group on freight forwarding was initiated earlier in 2019 and is in the process of developing a strategy, including the option for a solicitation to establish global systems contracts. In the meantime, the Secretariat has piggybacked on the United Nations Children's Fund's existing standby contracts for freight forwarding and signed several contracts with the contractors. These contracts are effective from September 2019 to March 2020, with an option to extend for another six months. The Administration expects to initiate the solicitation of the freight forwarding contract when the freight forwarding category strategy is finalized and the necessary preparatory work has been completed.	The solicitation of the global systems contract has not been initiated. The Administration stated that it expected to finalize the freight forwarding category strategy in January 2020 and would then start the solicitation. The recommendation remains under implementation.		X		
21.	The Board recommends that the Procurement Division, in collaboration with the Department of Field Support and the missions, review the role and the governance structure of the Regional Procurement Office and define a clear role and clear responsibilities that avoid duplicate structures.	para. 257	Following the implementation of the Secretary-General's management reform, the procurement and logistics functions have been integrated under the Office of Supply Chain Management. The Regional Procurement Office was renamed the Global Procurement Support Section and reports to the Director of the Procurement Division in the Office of Supply Chain Management. This has effectively integrated the Section into the existing procurement structure within the integrated supply chain management. The Administration further stated that it was conducting a study on the roles and responsibilities of the Strategic Air Operations Centre, the Transportation and Movements Integrated Control Centre and the Global Procurement Support Section, and would update the relevant governance documents.	The Section's 2012 service level agreements with some missions, 2014 governance model and 2015 the framework policy have not yet been revised. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events

Human resources

22.	The Board recommends that the Department of Field Support develop a methodology to determine staffing requirements for selected sections of missions and test the methodology to ensure an objective approach across all missions, to support mission planning and to facilitate the budget process.	para. 266	With the recent restructuring of the departments, the Office of Human Resources is focusing on strategic workforce planning and working with the Department of Operational Support operational workforce planning team to develop guidance to missions to support their workforce planning activities.	The recommendation remains under implementation.		X	
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Travel management

23.	The Board recommends that the Administration, together with the missions and service centres, review the advance purchase policy and evaluate how best prices for peacekeeping operations travel can be achieved.	para. 308	RSCE, in mid-2019, provided data and a prior evaluation of the advance purchase policy based on a sample of mission travel. A review of the data indicated that, of 67 per cent of the routes in the mission data set, the advance purchase of tickets resulted in an average savings of approximately \$240 to the Organization. While some specific routes did indeed see less costly economy class tickets when purchased within the 16-day window, the Administration maintains the opinion consistent with the industry that, overall, the advance purchase of airline tickets yields savings to the Organization. Moreover, the most recent report of the Joint Inspection Unit on air travel policies (JIU/REP/2017/3) arrived at the same conclusion. The Administration will continue to monitor industry trends in the area of travel policy and has provided relevant information to all travel processing offices to implement airfare monitoring technologies through their contracted travel agencies, which will track ticket prices after issuance and return savings to the Organization should the ticket price drop further prior to departure.	Last year, the Administration stated that it had been collecting data needed for the analysis. The Board found that the data provided by RSCE in mid-2019 is related to MONUSCO only and to the financial year 2014/15. Further, the Joint Inspection Unit report explicitly excludes peacekeeping missions. The recommendation remains under implementation.		X	
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	<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Status after verification</i>		
					<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i> <i>Overtaken by events</i>
24.	The Board recommends that the Administration analyse how the rules for travel and their implementation in Umoja can be aligned further, taking into account the need to clarify accountabilities.	para. 316	<p>A comprehensive review of delegation of authority is being undertaken in the context of the Secretary-General's management reform, with delegation directly to heads of entities across the Secretariat effective 1 January 2019. This review includes a review of the related areas in the Financial Regulations and Rules to clarify authorities and responsibilities for the exercise of financial authority, including certifying authority to be delegated to programme managers.</p> <p>The Department of Management Strategy, Policy and Compliance sent an email to all entities that showed that Umoja travel roles were aligned with the new delegation. The Administration concurs with the need for further alignment of the rules for travel with the related accountabilities and their implementation in Umoja. A proposal to achieve this through an adjustment of the travel request process is being discussed among the relevant entities in order to work out the precise modalities.</p>	The Board notes that the Administration's response does not address the findings. The rules and their implementation in Umoja have not been revised. The recommendation remains under implementation.		X	
25.	The Board recommends that the Umoja travel module be further simplified and that Umoja detect or prevent duplicate travel requests to avoid manual checks by processing officers.	para. 321	The simplified travel module was delivered in April 2018 as planned. As part of the delivery, improvements and simplifications for process and travel forms were implemented. In accordance with its design, and as previously stated, in some cases duplications can be valid, and there are report and analysis tools available for monitoring and analysis after the fact. The Administration will explore whether warnings could be generated to alert users of possible conflicts related to dates of travel, and whether that could be done through the configuration, without modifying the standard software. On this	The Board emphasizes that it would be sufficient if tools could easily detect multiple requests without requiring staff to review each case. The recommendation remains under implementation.		X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
		basis, a decision will be made as to whether to implement a warning functionality.					
Supply chain management							
26. The Board recommends that the Administration develop a road map for supply chain management and clearly define its own role and responsibilities and the roles and responsibilities of the Global Service Centre and the missions in the relevant phases.	para. 344	The supply chain management blueprint is a living document and will continue to provide guidance on the road map for the implementation thereof. Under this framework, various initiatives and projects were under way to define the operational guidance, timing and roles and responsibilities for missions, the Global Service Centre and Headquarters. The Department of Operational Support will provide continuous guidance for future supply chain management initiatives as part of its core mandate.	The recommendation is considered implemented.	X			
Vehicle and fuel management							
27. The Board recommends that, together with missions, the Department of Field Support analyse the cause of inaccurate data and reports of CarLog and review the benefits and costs associated with providing interfaces with other systems, in particular the electronic fuel management system.	para. 353	The Department of Operational Support stated that the recommendation had been implemented. The data inaccuracy issues stemmed from the findings in UNAMID. The mission has taken action to address the discrepancies as shown in the correspondence from UNAMID, which has been shared with the Board through the SharePoint portal. With regard to interfacing with other systems, the Administration has worked closely with the Global Service Centre and the missions and has developed a data synchronization solution between CarLog and Umoja. To date, the solution enabled eight missions to transmit odometer readings from CarLog to Umoja. The transmission of odometer readings to Umoja will facilitate vehicle maintenance using the designated system maintenance module. The Carlog interfacing report has been shared with the Board through the SharePoint portal.	The recommendation is considered implemented.	X			

	<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
					<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
28.	The Board recommends that the Department of Field Support review the requirements defined in the request for proposal and the results of the pilot in the light of the current shortcomings of the CarLog system and the needs of missions and the Department.	para. 360	The Secretariat intends to conduct a collaborative procurement exercise with other United Nations agencies in 2020 to cover the cross-organizational need for fleet management and vehicle tracking. In this context, the Secretariat is working together with the World Food Programme to finalize the requirements, with the intent to issue the solicitation during the first half of 2020.	The recommendation remains under implementation.		X		
29.	The Board recommends that the Department of Field Support identify a mission-wide approach to reduce data classification errors and improve electronic fuel management system data quality.	para. 387	The Department of Operational Support has updated the electronic fuel management system equipment classification in accordance with the Umoja classification of equipment and the United Nations Standard Products and Services Code.	The Board considers data quality improved. The recommendation has been implemented.	X			
Medical services								
30.	The Board strongly recommends that the Administration require UNISFA to build a casualty evacuation/medical evacuation capability that will be able to manage emergencies between 5 p.m. and 6 a.m.	para. 459	The Department of Operational Support stated that the UNISFA fleet consisted of two commercial Mi-8 helicopters, two commercial fixed-wing aircraft, and two military Mi-171 helicopters under the letter of assist from the Government of Ethiopia. The Ethiopia-UNISFA letter of assist 2018-13 amendment No. 1 (effective date 1 April 2019) included night-vision goggles and forward-looking infrared radar requirements for the types of helicopters offered by the troop-contributing country to ensure day and night casualty/medical evacuation capabilities. In accordance with the amendment, the troop-contributing country was working to replace the original helicopters, which did not have night-vision goggle/forward-looking infrared radar capabilities, with helicopters that had those capabilities. However, both helicopters had accidents on 9 February and 23 May 2019,	The recommendation is considered implemented.	X			

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification		
				Implemented	Under implementation	Not implemented Overtaken by events
		respectively, and therefore a temporary arrangement has been made to replace the two military helicopters with commercial helicopters (which do not have night-vision goggle and/or forward-looking infrared radar capability). The requirement for the replacement of military helicopters in the future will include night-vision goggle/forward-looking infrared radar capabilities to ensure day and night casualty/medical evacuation coverage. UNISFA has also enhanced its casualty/medical evacuation management capability by instilling prompt decision-making protocols and the early initiation of evacuations during daytime hours. The Mission is also practicing telemedicine and the close monitoring of patients where applicable, and the peripheral medical facilities are always ready to initiate patient evacuations to the next higher medical facility. The host country clearance for use of the Athony Airport is not within the control of the United Nations.				
Liquidation of the United Nations Operation in Côte d'Ivoire						
31. The Board recommends that the Administration consider keeping staff members available until after the liquidation date to finalize outstanding tasks.	para. 464	The Department of Management Strategy, Policy and Compliance stated that a downsizing policy is currently under review and will be promulgated once approved. It should be noted that keeping staff members available until after the liquidation date is also dependent upon the availability/approval of financial resources.	The recommendation remains under implementation.		X	
32. The Board recommends that the Administration ensure that pre-liquidations start at least nine months before physical closure.	para. 473	The Department of Operational Support stated that the Guide for Senior Leadership on Field Entity Closure has been promulgated. Para. 11 of the Guide emphasizes that major stakeholders such as Headquarters should engage early with	The recommendation is considered implemented.	X		

<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
				<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
		field entities to ensure coordinated, cross-cutting support for their successful transition and closure. It also states that UNLB will provide detailed advice on environmental issues, asset management and disposal and Umoja processing, while RSCE, as the back office for many field entities, will be involved in the planning process during pre-closure in order to better understand the mission processes and associated risks. It should, however, be noted that liquidation is not an entirely predictable process in all instances and can be triggered at any moment in a mission life cycle based on the decision of the Security Council or the host country. In cases where the decision is made ahead of time, as was the case with UNMIL and more recently at UNAMID, Headquarters initiates the drawdown planning more than nine months in advance. For example, at UNMIL, pre-liquidation activities began a year in advance, and at MINUJUSTH more than a year in advance, while at UNAMID the process began two years in advance. To address the uncertainty surrounding the liquidation process, Headquarters, through the issuance of the Guide for Senior Leadership on Field Entity Closure, always promulgates the importance of closure preparedness and stresses that the field entities/missions need to be ready for liquidation at short notice. Accordingly, a pre-liquidation plan should be maintained throughout the mission life cycle rather than when the liquidation instructions are issued.					

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
33. The Board recommends that the Administration include the "Guidelines for Environmental Clearance and Handover of Mission Sites of Liquidation" in the revised Liquidation Manual to ensure that missions employ a standardized handover certificate when liquidating or downsizing.	para. 489	The Department of Operational Support stated that the Guide for Senior Leadership on Field Entity Closure, which replaced the Department of Peacekeeping Operations/Department of Field Support Liquidation Manual, has been promulgated. It contains guidance and relevant documentation for environmental considerations in mission/field entity closure, including a reference to a sample handover certificate in para. 9 of annex A to the Guide. In addition, the references section on page 19 of the Guide provides a list of all related procedures/guidelines for mission liquidation/transition processes.	The recommendation is considered implemented.	X			
Mission-specific findings							
34. The Board recommends that the Administration, together with MINUSCA, analyse the use of prefabricated buildings to avoid the accommodation of contingents in tents.	para. 497	The Department of Operational Support stated that, in accordance with para. 36 of the 2018/19 budget for MINUSCA (A/72/779), the planned major construction programme involved, among other things, the construction of standard accommodations for the additional 900 troops and the continuation of construction of standard accommodations for existing military forces and civilian staff. To date, MINUSCA has increased the provision of prefabricated and hard-wall accommodations to 75 per cent of the contingents, leaving 25 per cent (2,444 troops) without standard accommodations. The Mission is in the process of implementing the recommendation, with a target date of June 2020.	The recommendation remains under implementation.		X		
35. The Board recommends that the Administration liaise with UNISFA and ask the Government of the Sudan to permit usage of the Athony airfield.	para. 500	The Department of Operational Support stated in in A/72/5 (Vol. II), chap. II, para. 501, that implementation of the recommendation was in progress. The Under-Secretary-General for Field Support visited Khartoum on 21 and	The Administration has not taken any action since the visit by the Under-Secretary-General in July 2018.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
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		22 July 2018, and the question on the use of the Athony airfield was discussed. It was stated that, should the Sudan permit UNISFA to use the airstrip, many operational concerns would be addressed, including more effective and efficient troop rotations and the ability to deploy fixed-wing aircraft for civilian staff, including for medical evacuations. The Khartoum authorities were noncommittal regarding the suggestion.	The recommendation remains under implementation.				
36. The Board recommends that the Administration act at a global level to prevent further acts of fraud as a result of manipulating Umoja leave time data.	para. 510	The Department of Management Strategy, Policy and Compliance stated and confirmed that the development of the new danger pay solution is complete. The solution must now undergo testing, and training materials must be developed and communications prepared. It is now expected to be deployed by the second quarter of 2020.	The recommendation remains under implementation.		X		
Subtotal, 36 recommendations (percentage)				9 (25)	25 (69)	0 (0)	2 (6)

A/73/5 (Vol. II), chap. II, for the year ended 30 June 2018

Budget and financial reporting

1. The Board recommends that missions and service centres physically verify or count all items of inventory and property, plant and equipment to ensure the fair presentation of assets at the end of each financial year.	para. 26	The Administration issued strategic and operational guidance on property management performance monitoring and reporting for the financial year 2019 and developed tools along with job aids and end-user training for the physical inventory reconciliation and optimization project. Considerable improvement has been achieved in the areas of physical accountability during the financial year, such as the physical verification of 98.97 per cent of property and equipment and of 90.38 per cent of consumables and supplies.	The recommendation has been implemented.	X			
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	<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
					<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
2.	The Board recommends that the Administration ensure accountable oversight of the management of material master data to achieve improved and harmonized material master data in the areas of product IDs, units of measurement and material descriptions, with a view to accurately reflecting assets in the financial statements and meeting supply chain requirements.	para. 37	The Administration stated that the material master data was being addressed by a new material master transformation project. Work began in May 2019 and a detailed impact assessment and proposed timeline for system changes was endorsed in September 2019. Initial elements of the new material master record architecture have been developed and are being tested. Completion is planned for December 2023.	The recommendation remains under implementation.		X		
3.	The Board recommends that the Administration (i.e., the Controller) issue a directive to define non-serialized equipment and that the Administration implement a mechanism in Umoja to clearly identify non-serialized equipment before the end of the financial year 2018/19.	para. 45	In June 2019, a new serialization profile was added to each material master record which allows items that are below capitalization thresholds and not tracked by an equipment master record to be identified at the level of the individual material. As the update was made directly in Umoja for the material master data, no directive was necessary.	The recommendation has been implemented.	X			
4.	The Board recommends that the Administration develop a common approach for property management and its financial reporting that reflects the integration of processes in Umoja.	para. 54	The Administration introduced various measures to foster a common approach for property management and its financial reporting, including the establishment of property management meetings involving representatives from the Office of Programme Planning, Finance and Budget as well as the Office of Supply Chain Management. The Administration stated it would continue to increase awareness and strengthen cross-functional links between various disciplines with the aim of improving understanding of the end-to-end processes.	The recommendation remains under implementation.		X		
5.	The Board recommends that the Administration review its legacy accounting policies for assets from the Galileo era, in particular with regard to recognition thresholds and the differentiation between financial and non-financial inventory.	para. 59	Since the issue of the identification of non-serialized equipment was solved well ahead of time, the Accounting Manual and IPSAS guidance will be updated much earlier than the target date.	The recommendation remains under implementation.		X		

	Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
					Implemented	Under implementation	Not implemented	Overtaken by events
6.	The Board recommends that the Administration include information on cost recoveries in future budget submissions.	para. 69	The Administration stated that on the basis of historical information, additional information on cost recoveries would be included in future budget submissions. In this regard, the Office of Programme Planning, Finance and Budget will work closely with missions regarding their budget proposals for the 2020/21 period to increase transparency concerning cost recoveries.	The recommendation remains under implementation.		X		
7.	The Board recommends that the Administration issue comprehensive guidance on cost recoveries, including with regard to responsibilities, agreements and contractual relationships, budgeting, pricing, recovering costs and processing in Umoja.	para. 70	The Administration stated that it intended to provide a comprehensive policy document on cost recovery during 2020.	The recommendation remains under implementation.		X		
8.	The Board recommends that the Administration issue guidance on the appropriate usage of funds commitments and monitor compliance in that regard.	para. 74	The Administration stated that the recommendation was on track for implementation by December 2019.	The recommendation remains under implementation.		X		
9.	The Board recommends that the missions, service centres and Headquarters each prepare a comprehensive risk-control matrix in the area of financial reporting.	para. 83	The Administration stated that a statement of internal control would be signed in 2021 based on 2020 operations. A series of workshops had been conducted and risk-control matrices had been developed and were currently being reviewed with the Secretariat entities.	The recommendation remains under implementation.		X		
Meeting the needs of the Security Council and the General Assembly								
10.	The Board recommends that the Administration align the further development of the comprehensive performance assessment system with the requests of the Security Council stipulated in its resolutions 2378 (2017) and 2436 (2018) . The Administration should draw on the achievements of the United Nations field support performance framework.	para. 95	CPAS has now been introduced to six operations (MINUSCA, UNMISS, UNIFIL, UNFICYP, MONUSCO and MINUSMA) and is expected to be rolled out to all missions in 2020.	The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
11. The Board recommends that the Administration assess all policies and guidelines on mission reviews and decide on one single document which governs all aspects, clarifies roles and assigns responsibility for implementing the recommendations raised. The document should include considerations for a system for peacekeeping mandate implementation performance based on clear and well-defined benchmarks, meeting the requirements of the Security Council as requested in its resolutions 2378 (2017) and 2436 (2018) .	para. 102	The single document is on target to be prepared by the fourth quarter of 2019.	The Administration did not provide any such document. The recommendation has not been implemented.			X	
Meeting the missions' needs – force generation and reimbursement							
12. The Board recommends that the Administration adopt the draft force generation manual without further delay and issue guidelines which cover the entire process of force generation. The Administration should designate an accountable and responsible process owner, define the roles of individual staff, establish mechanisms such as regular staff rotation to address any conflict of interest and regulate the competitive selection of contributing countries.	para. 142	This is expected to be completed by the end of 2019.	The manual has been a draft since 2016 and was pledged to be finalized by July 2019. In the absence of any visible progress, the Board considers this recommendation not implemented.			X	
13. The Board recommends that the Administration align force selection to the United Nations general rules of best value for money; of fairness, integrity and transparency; of effective international competition; and of the interests of the United Nations. They should govern the	para. 144	In its resolution 73/268 B , the General Assembly requested the Secretary-General not to implement this recommendation.	The recommendation has not been implemented.			X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
selection criteria of the force generation manual. Selection of troop-contributing countries should take into account the prior conduct and performance of troops from those countries.							
14. The Board recommends that the Administration accept caveats only after mission consultation and adopt a policy that any caveat must be stated by the troop-contributing countries officially and in written form in order to become valid.	para. 149	In its resolution 73/268 B, the General Assembly requested the Secretary-General not to implement this recommendation.	The recommendation has not been implemented.			X	
15. The Board recommends that the Administration submit a proposal to the Working Group on Contingent-Owned Equipment, for consideration by the General Assembly, that performance criteria be included in the memorandums of understanding with the Member States. The Board recommends that the Administration also submit a proposal to the Working Group on Contingent-Owned Equipment, for consideration by the Assembly, to the effect that performance criteria shall be linked to the reimbursement rates.	para. 151	In its resolution 73/268 B, the General Assembly requested the Secretary-General not to implement this recommendation.	The recommendation has not been implemented.			X	
16. The Board recommends that the Administration implement the force generation process in Umoja.	para. 153	Ongoing.	The Board did not receive any further information to support management's response of "ongoing". The recommendation is considered not implemented.			X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events

Meeting the missions' needs – capability gaps

17.	The Board recommends that the Administration oversee the missions to ensure that redundant and outdated equipment is removed.	para. 167	Ongoing.	The Board did not receive any further information to support management's response of "ongoing". The recommendation is considered not implemented.			X	
18.	The Board recommends that the Administration support troop-contributing countries which lack necessary equipment or training by providing it to them, if necessary by third countries.	para. 168	The Administration has established a "light coordination mechanism" to engage training and capacity builders and troop- and/or police-contributing countries. The Administration has since been supporting bilateral training and capacity-building.	The recommendation has been implemented.	X			
19.	The Board recommends that the Secretary-General include reliable evacuation and medical care in the compacts of the Special Representatives of the Secretary-General in peacekeeping missions to assure contingents and civilian staff of their security in case of emergency.	para. 176	This recommendation will be implemented in the context of the 2019/20 compacts for the Special Representatives of the Secretary-General for peacekeeping missions. The peacekeeping compact cycle is aligned with the peacekeeping budget cycle and will run from July 2019 through June 2020.	The Board was not provided with any compacts to support this statement. The recommendation has not been implemented.			X	

Workplans and guidelines

20.	The Board recommends that the Administration review the objectives, processes and staff requirements of integrated operational teams, considering the upcoming new peace and security structure.	para. 183	The recommendation is under implementation. The staff requirements for integrated operational teams were reviewed ahead of the reform and continue to be reviewed during the development of budget resource requests based on backstopping needs, and their objectives and workplans are regularly reviewed with the preparation of mission budgets and mandate renewals.	The recommendation is under implementation.		X		
21.	The Board further recommends updating the integrated operational teams policy based on this review.	para. 185	Delayed owing to the implementation of the new structure following the reform of the pillar; the recommendation is now expected to be implemented in 2020.	Implementation has not started.			X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
22. The Board recommends that the Administration draft a review agenda for all its policies, guidelines, standard operating procedures and manuals. It is vital that all these regulations reflect the increasing implementation and significance of Umoja for all support and substantive United Nations processes. They should be accordingly corrected or amended if they do not.	para. 190	The Administration has assessed 228 documents and identified 94 that will be reviewed/amended over the course of the next two years.	The recommendation has been implemented.	X			
Management of contingent-owned equipment and troop-strength reporting							
23. The Board recommends that the Administration analyse the direct and indirect costs associated with the disposal of unserviceable and expired ammunition from troop- and/or police-contributing countries and inform Members States accordingly.	para. 209	The Department of Peace Operations and the Department of Operational Support will include respective chapters in the revised ammunition manual. The manual is expected to be issued by the end of 2019. At present, the Secretariat does not have an overview concerning the costs of expired/unserviceable ammunition, the disposal thereof and other related costs. The analysis of such costs requires data from entities at Headquarters and the missions, as well as from troop- and police-contributing countries, and is ongoing.	The recommendation remains under implementation.		X		
24. The Board recommends that the Administration finalize the review of the ammunition guidelines, establish an adequate upper age limit for ammunition deployed by troop and/or police contributors, and include guidance for adequate stockpile management and the identification of ammunition that does not constitute an operational need.	para. 210	The Administration stated that a United Nations manual on ammunitions management was completed and endorsed by the Under-Secretary-General for Peace Operations on 12 December 2019.	The recommendation has been implemented.	X			

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
25. The Board recommends that the Administration ensure the reconciliation of received and verified claims for expended ammunition and explosives.	para. 216	The Uniformed Capabilities Management System claims module was deployed on 13 August 2019 and claims for reimbursement are now being processed in the new system.	The Board reviewed newly entered claims and found no discrepancies. The recommendation has been implemented.	X			
26. The Board recommends that the Administration conduct a comprehensive review of the Operational Ammunition Expenditure Certificates process, with due regard to controls ensuring accuracy, and subsequently rectify deficiencies identified.	para. 217	The review of the Operational Ammunition Expenditure Certificates process is ongoing in parallel with the phased implementation of the Uniformed Capabilities Management System.	The recommendation remains under implementation.		X		
27. The Board recommends that the Administration establish a compliance control to ensure that its contingent-owned equipment inspectors properly conduct arrival inspections for ammunition and explosives, as specified in the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding.	para. 226	Implementation of the recommendation has been deferred, as some elements of the field verification guidelines will be presented to the 2020 Working Group on Contingent-Owned Equipment and approved by the General Assembly in May 2020.	It is not clear why the recommendation has been deferred, as the existing guidelines were set out to conduct arrival inspections. The recommendation remains under implementation.		X		
28. The Board recommends that the Administration review all inventories of ammunition and explosives held by military/police units in missions for compliance with the guidelines for the field verification and control of contingent-owned equipment and management of memorandum of understanding, and update missing information in particular on the date of expiration.	para. 227	Implementation of the recommendation has been deferred, as some elements of the field verification guidelines will be presented to the 2020 Working Group on Contingent-Owned Equipment and approved by the General Assembly in May 2020.	The recommendation remains under implementation.		X		

	<i>Summary of recommendations</i>	<i>Reference</i>	<i>Management response in brief</i>	<i>Board's assessment</i>	<i>Status after verification</i>			
					<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
29.	The Board recommends that the Administration establish key performance indicators that measure qualitative aspects of missions' contingent-owned equipment programmes, such as, but not limited to, the proper conduct of verification inspections and control activities.	para. 232	Work has started in this area, and while qualitative performance measures are under the purview of the Department of Peace Operations, the Uniformed Capabilities Support Division continues to provide quantitative performance metrics derived from database reports required for reimbursement purposes. The Division also tracks the quarterly submission of database reports through key performance indicators.	The recommendation remains under implementation.		X		
30.	The Board recommends that the Administration establish controls and monitoring mechanisms to detect inaccurate monthly insurance reports for vehicles.	para. 238	The recommendation was based on specific findings in UNAMID. The Administration presented an updated list of contingent-owned vehicles submitted for third party liability insurance, suitable for the Headquarters oversight process.	The recommendation has been implemented.	X			
31.	The Board recommends that the Administration develop guidance for missions regarding standardized internal controls, verification procedures and related tests to be performed by each mission stakeholder to ensure accurate troop-strength reporting and subsequently monitor the actual implementation in all missions.	para. 254	The troop-strength reporting and calculation functionalities will be implemented in the Uniformed Capabilities Management System. They are anticipated to be deployed by the end of 2020.	The recommendation remains under implementation.		X		
Air operations								
32.	The Board recommends that the Administration must centrally approve field missions' use of their air operations budgets for strategic flights to implement a centralized air operations authority and coordination for increased efficiency and cost-effectiveness.	para. 266	The Department of Operational Support requested the closure of the recommendation owing to the rejection of a similar recommendation in para. 273 of A/73/5 (Vol. II) , chap. II, by the General Assembly.	The recommendation has not been implemented.			X	

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
33. The Board reiterates its recommendation, endorsed by the General Assembly, to delegate coordination and tasking authority for all peacekeeping and special political missions' strategic air operations to the Strategic Air Operations Centre. The Board expects implementation without further delay (A/72/5 (Vol. II), chap. II, para. 119).	para. 273	The Department of Operational Support requested the closure of the recommendation owing to its rejection by the General Assembly.	The recommendation has not been implemented.			X	
34. The Board recommends that the Administration ensure continuity of Strategic Air Operations Centre operations by maintaining the reporting lines to the Air Transport Section as they are now, and using the expertise of the present staff. The Board also recommends that the Administration submit a proposal in this regard detailing the costs of moving the Strategic Air Operations Centre away from the current location and identifying the impact on field missions' air operations in the light of earlier recommendations of the Board as endorsed by General Assembly.	para. 280	The Department of Operational Support requested the closure of the recommendation owing to the rejection of a similar recommendation in para. 273 of A/73/5 (Vol. II), chap. II, by the General Assembly.	The recommendation has not been implemented.			X	
35. The Board reiterates its recommendation that the Administration implement the letter of assist process in Umoja (A/72/5 (Vol. II), chap. II, para. 140).	para. 285	The Department of Operational Support stated that once the operational guidance on letters of assist is finalized, the Office of Supply Chain Management will work closely with the Umoja team to integrate the applicable steps of the letter of assist process into Umoja.	The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Legal framework and processes							
36. The Board recommends that the Administration take stock of its policy framework and business processes, and analyse how these can be aligned and simplified to improve transparency and accountability. The Administration should use the SAP software's standard functionalities to the best possible extent and avoid customizing Umoja.	para. 297	As part of the implementation of the management reform, the Administration has launched a global Policy Portal, a centralized repository of the Organization's management regulatory framework envisaged to be the source of up-to-date information on the Financial and Staff Regulations and Rules, administrative issuances, related guidelines and user aids. It is a critical tool in effectively delegating authority, as it provides programme managers with the information necessary to carry out their delegated authorities with full compliance.	The recommendation remains under implementation.		X		
Supply chain management							
37. The Board recommends that the roles and responsibilities for the requisitioning process be clarified, in particular with regard to who is responsible for determining the actual demand and documenting the decision.	para. 309	The responsibilities for the requisitioning process have been defined in the guidance on supply chain operations for the "SR2: Execute Buy" process, which was released in December 2018. The guidance was supplemented by another guidance in June 2019, which introduced a new set of product identifications for freight and a streamlined product identification selection process.	The guidelines explicitly state that the requisition approver must ensure that the principles of economy and efficiency are followed and must document the decision. The recommendation is considered implemented.	X			
38. The Board recommends that the Administration establish a procedure to assess and document whether a financial agreement with the other United Nations entity is the appropriate means to achieve the objective, and define the project with clear deliverables, milestones, a budget and an evaluation and monitoring mechanism.	para. 318	The Department of Operational Support reiterates that the decision of the Administration to enter a financial agreement was based on the memorandum of understanding between the Secretariat and the United Nations Office for Project Services. The procedures to assess and document whether such an agreement is appropriate is governed by that memorandum, as are the requirements for inclusion in the financial agreement.	The memorandum of understanding is being revised. The Board considers it crucial that guidance on the use of the memorandum also be enhanced. The recommendation has been overtaken by events.				X

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
39. The Board recommends that the Administration document the oversight and monitoring of its supply chain management projects in detail, which includes, in particular, deliverables and costs.	para. 321	The oversight and monitoring of supply chain management projects is documented in the closure report of the Department of Field Support supply chain management initiative.	The Board considers it crucial that the revised guidance on the use of the memorandum highlight that the Secretariat is responsible for monitoring and supervising the project. The recommendation has been overtaken by events.				X
40. The Board recommends that the Administration guide and oversee mission implementation of the instructions on property management, and take action in case of non-compliance. This includes ensuring the alignment of functions, Umoja roles and (sub)delegations of authority, and the appropriate composition of the Local Property Survey Board.	para. 335	The Administration has conducted a review of the assignment of Umoja roles related to property management and guided entities to resolve instances where conflicts with the requirements for segregation of duties exist. The Administration has also revised and updated the security liaison officer workbook, incorporating lessons following the roll-out and stabilization of the Umoja solution in all entities.	The process is ongoing. The recommendation remains under implementation.		X		
Peacekeeping procurement							
41. The Board recommends that the Administration review its vendor management, with due regard to good common industry standards, and subsequently assign clear responsibilities for the prioritized rectification of deficiencies identified.	para. 360	The Administration will undertake a comprehensive review of current vendor management practices.	The recommendation remains under implementation.		X		
42. The Board recommends that the Administration review the procurement process in order to implement a simplified and more nimble process, while it clarifies and updates the procurement framework.	para. 373	The Administration has reviewed its procurement processes and identified several areas that can be streamlined and allow for more flexibility in the context of management reform and achieving the goal of a more agile, nimble supply chain. The resulting changes have been reflected in the updated Procurement Manual, which was issued in early October 2019. The manual now offers, among other things, shortened timelines for tender	The Administration has changed and clarified several aspects of the process. The Board holds that the Administration should continue the review in order to introduce further guidance or policy changes. The recommendation is considered implemented.	X			

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
		posting periods, the elimination of duplicative review processes and strengthened provisions on contract management and the settlement of claims.					
43. The Board recommends that the Administration consider publishing tenders for goods and services instead of solely publishing the request for expression of interest.	para. 375	The Administration is in the process of conducting a review that involves several factors, such as an appropriate e-tendering solution, confidentiality requirements and a review of best practices across the United Nations system. It is expected that the review will be concluded in the first quarter of 2020.	The recommendation remains under implementation.		X		
44. The Board recommends that the Administration analyse the lessons learned with the request for proposal method for long-term air charter services and use the results to develop a strategy to fully implement the request for proposal method.	para. 385	In its resolution 73/268 B, the General Assembly requested the Secretary-General not to implement this recommendation.	The recommendation has not been implemented.			X	
45. The Board recommends that the Administration use the lessons learned and develop a template that supports missions to document their air-service requirements based solely on logistical capabilities instead of requesting specific aircraft types. The statement of work for the request for proposal should be based on this template.	para. 387	In its resolution 73/268 B, the General Assembly requested the Secretary-General not to implement this recommendation.	The recommendation has not been implemented.			X	
46. The Board recommends that the Procurement Division, together with involved stakeholders, review its active contracts with a focus on product IDs and take corrective action to ensure that the goods available through contracts are clearly identifiable and can be reflected accurately in the inventory and financial statements.	para. 393	The Administration is in the process of reviewing contracts and is putting in place more detailed and complex material master records. The Administration states that it has established a process and methodology to review and correct the product IDs of active contracts and assign accurate and detailed material master records for all future contracts. The system was scheduled to begin testing starting the second week of January, followed by a roll-out in February 2020.	The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
47. The Board recommends that the Administration adopt a coherent approach for providing procurement services to special political missions and other entities.	para. 400	The recommendation has been implemented. The Administration designated inter-entity operational service providers within the Secretariat, including special political missions, intended to associate services accessed from other entities with support for the proper exercise of delegated authority, including in the area of procurement.	With the United Nations reform, the approach to providing procurement services was changed. The recommendation is considered to be overtaken by events.				X
Human resources							
48. The Board recommends that the Administration amend the policy for rosters with the objective to facilitate roster-building, management and data cleansing.	para. 407	To create the regulatory framework in support of improved processes, proposals for roster management, including limiting the duration of roster memberships, are under consideration in the context of the revision of the staff selection system policy and the provision to remove candidates from rosters. Comments from the staff and stakeholders from the global Secretariat on the proposed draft revision are under consideration and further feedback may be sought through the Staff-Management Committee. Consultations on the revised administrative instruction with representatives of the staff and of management will occur in the first part of 2020.	The recommendation remains under implementation.		X		
49. The Board recommends that the Administration review the recruitment process to increase transparency and simplify and shorten the procedure.	para. 417	The revision to the staff selection policy is being undertaken as part of the management reform to simplify and streamline procedures. During its seventy-first session, the General Assembly approved, on a pilot basis, a reduction in the number of days all job openings in the category of professional and above could be posted from 60 to 45. At its seventy-third session, the Assembly deferred a proposal to further reduce the time from 45 to 30 days to its seventy-fourth session. In September 2018, the United Nations	The Board holds that the roster selection is not transparent as it is not sufficiently regulated. The Administration stated that discussions were ongoing. The recommendation remains under implementation.		X		

Summary of recommendations	Reference	Management response in brief	Board's assessment	Status after verification		
				Implemented	Under implementation	Not implemented Overtaken by events
		Global Centre for Human Resources Service, or "OneHR", was established in Bonn to streamline and standardize and provide job classification advice and notices using the master standards promulgated by the International Civil Service Commission. In addition, the centre launched the reference checking process, which checks employment records, academic records and qualitative references.				
50. The Board recommends that the Administration review and compare current mission support staffing at the section and subsection level across all missions and advise missions in cases of significant deviations.	para. 425	The revision of the staff selection policy was undertaken as part of the management reform. The new system will serve all staffing needs of the global Secretariat. The Administration is also working on promulgating downsizing policies, taking field requirements into account.	The Board holds that the Administration should advise missions on how to determine adequate staffing structure. Currently no division evaluates and compares mission support staffing. The recommendation remains under implementation.		X	
Regional Service Centre in Entebbe						
51. The Board recommends that the Administration take stock of the recommendations of the shared services review, prioritize their implementation and identify additional issues not covered by the review in order to further standardize and simplify transactional processes and distribute responsibilities and resources appropriately.	para. 439	RSCE has implemented most of the recommendations of the shared services review, with quarterly updates being provided by all responsible parties at the Centre and monitored by the Chief of RSCE. As of September 2019, 79 recommendations had either been completed or were in progress, with an additional 79 recommendations identified as "not applicable" or "duplicate". Of 231 recommendations, 72 were assigned to Headquarters. Furthermore, RSCE has identified additional operational and strategic issues, which are shared at the meetings of the Steering Committee and the client board, and at monthly user group videoconferences.	The recommendation is considered implemented.	X		

				Status after verification			
Summary of recommendations	Reference	Management response in brief	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Information and communications technology							
52. The Board recommends that the Administration ensure that missions are provided with sufficient bandwidth to operate all information technology systems which need external servers.	para. 446	The Office of Information and Communications Technology stated that the deployment by O3B Networks, Ltd., has been completed in Bor, Bentiu and Malakal as planned, in addition to Juba and Wau.	The recommendation is considered implemented.	X			
Subtotal, 52 recommendations (percentage)				11 (21)	24 (46)	14 (27)	3 (6)
Total, 103 recommendations (percentage)				24 (23)	59 (57)	14 (14)	6 (6)

Chapter III

Certification of the financial statements

Letter dated 23 September 2019 from the Controller addressed to the Chair of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2018 to 30 June 2019 have been prepared in accordance with financial rule 106.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification for the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to V, are correct in all material respects.

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

Chapter IV

Financial report on the United Nations peacekeeping operations for the period from 1 July 2018 to 30 June 2019

A. Introduction

1. The Secretary-General has the honour to submit the financial report on the operations of United Nations peacekeeping for the period from 1 July 2018 to 30 June 2019.
2. The accounts of the United Nations peacekeeping operations are presented in five financial statements and notes that provide a summary of significant accounting policies as well as explanations of the amounts presented in the financial statements.
3. Although the present financial report is not part of the Organization's financial statements, it is designed to be read in conjunction with them. It presents an overview of the consolidated position and performance of the peacekeeping operations, highlighting trends and significant movements.

B. Overview of the financial statements for the period from 1 July 2018 to 30 June 2019

4. The financial statements of the United Nations peacekeeping operations comprise five statements and notes to the financial statements. The statement of financial position, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts are accompanied by notes which explain the accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.
5. These statements present the financial results of the peacekeeping operations, comprising 13 active missions and 33 closed missions, and its financial position as at 30 June 2019. UNAMID continued to downsize and MINUJUSTH continued its phaseout, while MINUSCA is no longer expanding.
6. The management reform that generated the two new departments, the Department of Management Strategy, Policy and Compliance, and the Department of Operational Support, was implemented at the midpoint of the fiscal period, as at 1 January 2019. The Department of Management Strategy, Policy and Compliance began to support all missions with streamlined and clear policy frameworks and the Department of Operational Support focused on overseeing operations, transactions, the supply chain and global services such as aviation, fuel and rations. This rational division of duties and synthesis of works will bring more coherent and effective delivery of mandates in peacekeeping operations.

Liquidity

7. The liquidity assessment reviews the adequacy of cash assets at the mission's disposal to settle its immediate obligations at a certain point in time. Cash assets comprise cash, cash equivalent and cash pool investments, both current and long term.
8. Table IV.1 summarizes the ratio of cash assets to current liabilities for active peacekeeping missions as a measure of liquidity and provides a comparison with 30 June 2018. In recent years, payments for assessed contributions have begun to arrive later throughout the year. The liquidity of active missions continued to deteriorate compared with previous years (2016/17: 0.72; 2017/18: 0.41; 2018/19: 0.38).

9. The chronic liquidity trouble in MINURSO and UNMIK persisted in 2018/19 and the two missions had to continue borrowing from closed missions. The loans payable as at 30 June 2019 in MINURSO and UNMIK were \$15.0 million and \$28.8 million (\$11.0 million and \$24.1 million as at 30 June 2018), respectively. The liquidity of MINUJUSTH deteriorated and the mission had to borrow \$5.0 million from closed missions in June 2019. The total outstanding loans from closed missions to active missions was \$48.8 million (2017/18: \$35.1 million). The liquidity of UNFICYP and MONUSCO also worsened at the end of June 2019 and both missions borrowed from closed missions in July 2019 (\$2.0 million and \$40.0 million, respectively).

Table IV.1

Ratio of liquid assets to current liabilities as at 30 June 2019: active missions

(Millions of United States dollars)

	<i>Cash assets</i>	<i>Current liabilities</i>	<i>Ratio of cash assets to liabilities</i>	
			<i>30 June 2019</i>	<i>30 June 2018</i>
UNFICYP	1.4	16.4	0.09	0.91
UNDOF	16.1	11.4	1.41	0.38
UNIFIL	131.8	143.3	0.92	1.12
MINURSO	1.2	22.2	0.05	0.05
UNMIK	0.3	34.9	0.01	0.11
MONUSCO	10.8	411.7	0.03	0.34
UNMIL	—	—	—	0.37
MINUSTAH/MINUJUSTH	2.6	41.7	0.06	0.18
UNAMID	45.5	187.1	0.24	0.22
UNSOS	70.7	177.4	0.40	0.12
UNISFA	36.9	75.6	0.49	0.25
UNMISS	88.9	443.6	0.20	0.20
MINUSMA	193.6	328.7	0.59	0.83
MINUSCA	212.1	268.1	0.79	0.44
Total	811.9	2 162.1	0.38	0.41

10. In respect of the support activities segment for peacekeeping operations, the ratio of cash assets to current liabilities increased slightly to 2.18 at 30 June 2019 (from 2.17 at 30 June 2018). However, the Regional Support Centre in Entebbe, Uganda, incurred a cash deficit in June 2019 and had to borrow \$1.0 million from the closed missions, bringing the total cross-borrowing as at 30 June 2019 to \$49.8 million.

11. At the beginning of 2019, the Secretary-General reported the deteriorating state of liquidity in the peacekeeping and regular budgets. While the liquidity problem is driven by the delay in the payments of assessed contributions by the Member States, the Secretariat's ability to respond adequately to the liquidity challenges is hampered by restrictions put in place by Member States. In his report on improving the financial situation of the United Nations (A/73/809), the Secretary-General presented a set of proposals for removing these restrictions and building more resilience in cash management. Two of his proposals were endorsed by the General Assembly: the removal of the restriction on the cross-borrowing of cash for active missions; and an assessment for the full budget period, including the non-mandated period. Member

States are expected to recognize that the status quo is not sustainable and find a way to strengthen the liquidity mechanisms of peacekeeping operations.

Net assets

12. Net assets of \$290.3 million as at 30 June 2019 consisted of an accumulated surplus of \$28.9 million, a restricted accumulated surplus of \$111.4 million and reserves of \$150.0 million. Net assets decreased in 2018/19 by \$492.1 million (62.9 per cent decrease) from \$782.4 million to \$290.3 million. The decrease was due to a deficit in operations of \$270.2 million for the year and adjustments and actuarial losses of \$221.9 million on employee benefits liabilities.

Assets

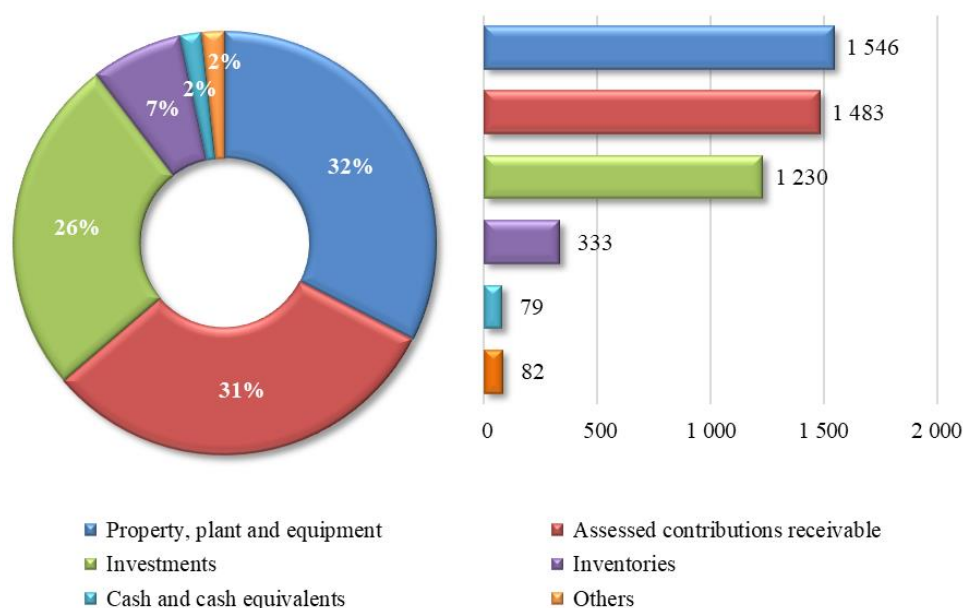
13. The total assets of the peacekeeping operations decreased in 2018/19 by \$257.6 million (5.1 per cent decrease), from \$5,009.2 million to \$4,751.6 million. Investments decreased by \$97.0 million (7.3 per cent decrease, from \$1,326.5 million to \$1,229.5 million); assessed contributions receivable by \$83.5 million (5.3 per cent decrease, from \$1,566.1 million to \$1,482.6 million); property, plant and equipment by \$41.8 million (2.6 per cent decrease, from \$1,587.5 million to \$1,545.7 million); and inventories by \$35.9 million (9.7 per cent decrease, from \$369.0 million to \$333.1 million).

14. Figure IV.I presents the structure of the peacekeeping operations' assets totalling \$4,751.6 million as at 30 June 2019. The peacekeeping operations' assets are largely composed of property, plant and equipment of \$1,545.7 million (32.5 per cent), assessed contributions receivable of \$1,482.6 million (31.2 per cent) and investments of \$1,229.5 million (25.9 per cent).

Figure IV.I

Assets of the peacekeeping operations as at 30 June 2019

(Millions of United States dollars and percentage)



Property, plant and equipment

15. Property, plant and equipment accounted for \$1,545.7 million, or 32.5 per cent, of assets held at 30 June 2019. Figure IV.II presents the composition of the

peacekeeping operations' property, plant and equipment by asset class, and figure IV.III presents the information by mission.

16. The net carrying value of property, plant and equipment decreased slightly by \$41.8 million (2.6 percent decrease) in 2018/19, from \$1,587.5 million to \$1,545.7 million.

Figure IV.II

Property, plant and equipment

(Millions of United States dollars and percentage)

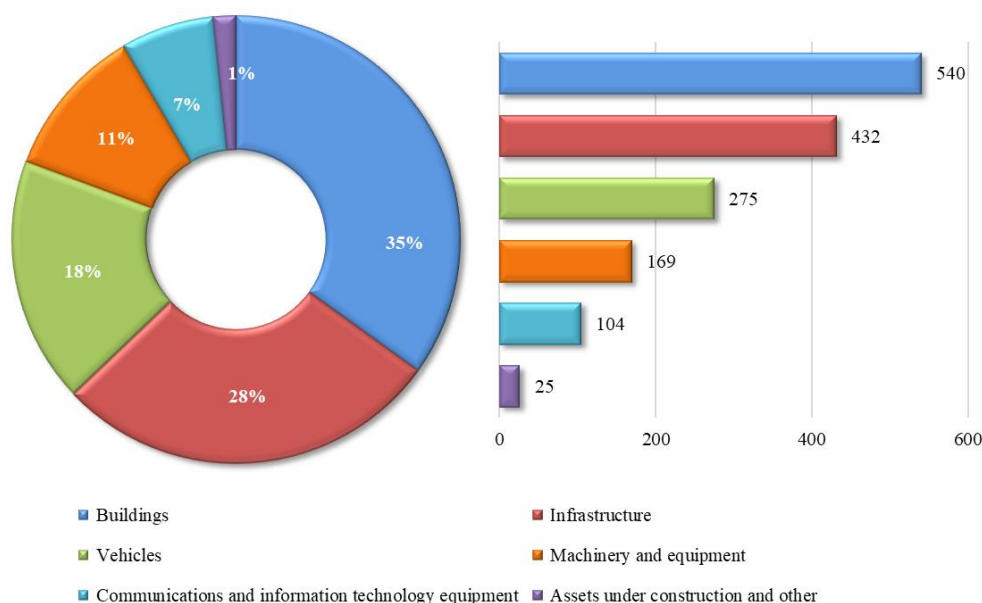
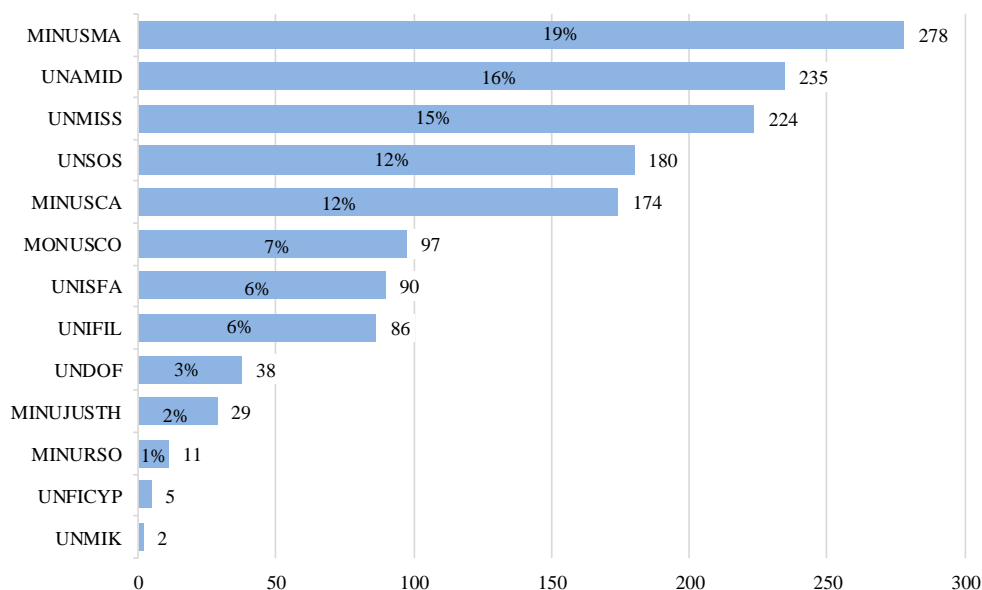


Figure IV.III

Property, plant and equipment by active mission

(Millions of United States dollars and percentage)

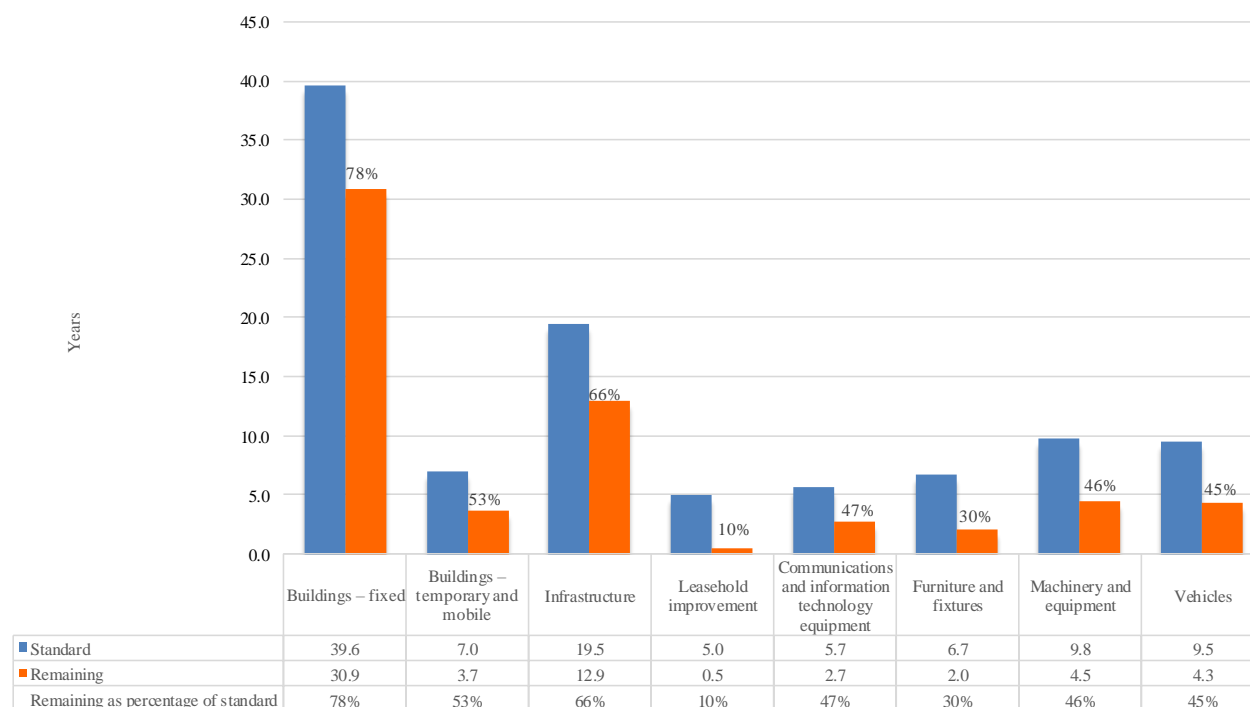


17. The remaining years of useful life as a percentage of the standard useful life of assets classes are shown in figure IV.IV. Two classes of assets, namely leasehold improvements and furniture and fixtures, had apparently shorter remaining lives, which indicates a material presence of long-lived assets.

Figure IV.IV

Average remaining useful life of property, plant and equipment

(Years and percentage)



Inventory

18. In response to the emphasis of matter contained in the audit opinion on the financial statements of the prior year (see A/73/5 (Vol. II), chap. I), peacekeeping missions focused efforts on inventory management and data clean-up. Missions made significant progress in inventory counting and controlling activities, such as the elimination of multiple items under the same product identification (ID) code, the closure of open warehouse transactions, improvement in inventory valuation and the reduction in the use of generic product IDs in the procurement process. The increased accuracy in inventory records will lead to improvements in the management and financial reporting of inventory.

19. A follow-up action on the change of the systems of inventory records from Galileo to Umoja continued, and culminated in 2018/19. All equipment that is not capitalized as fixed assets but tracked as inventory for supply chain management purposes has been identified in the Umoja material master data. In 2017/18, some of that equipment was estimated and pulled out of inventory. As they have been marked in the material master data, such equipment can be extracted based on the actual records, and completely, boosting the accuracy of inventory. This enhancement resulted in the restatement of inventory for 2017/18 from \$409.7 million to \$369.0 million (a decrease of 40.7 million). In addition, the level of inventory decreased in 2018/19 by \$32.8 million, to \$333.2 million.

Cash, cash equivalents and investments

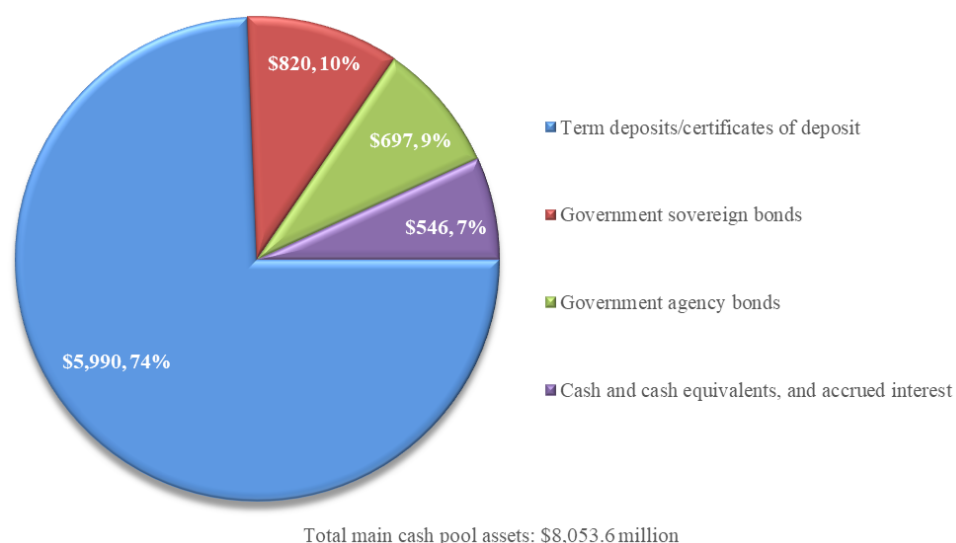
20. As at 30 June 2019, peacekeeping operations held cash and cash equivalents and investments of \$1,308.2 million, \$107.1 million less than the ending balance of 2017/18 (7.6 per cent decrease).

21. The cash pools consisted of investments in liquid bonds (issued by Governments and government agencies), commercial papers and term deposits (see figure IV.V). The investments were presented at fair value with the relevant gains/losses recorded in the statement of financial performance. In 2018/19, the peacekeeping operations' share of earnings was \$48.9 million (2017/18: \$37.5 million).

Figure IV.V

Main cash pool investments by instrument type

(Millions of United States dollars and percentage)



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

Status of assessed contributions receivable

23. Assessed contributions receivable decreased by \$83.5 million (5.3 per cent decrease), from \$1,566.1 million at 30 June 2018 to \$1,482.6 million at 30 June 2019. Table IV.2 illustrates the status of unpaid assessments and figure IV.VI shows the trend in unpaid assessments.

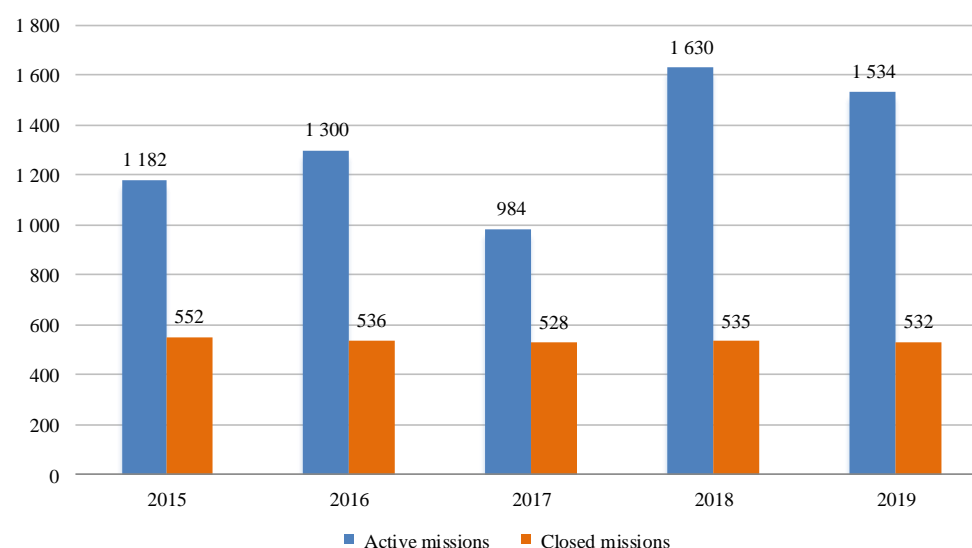
Table IV.2
Assessed contributions receivable

(Millions of United States dollars and percentage)

	30 June 2019	30 June 2018	Percentage increase (decrease)
Active missions			
Assessed contributions receivable	1 533.5	1 629.7	(5.9)
Allowance for doubtful receivables	(56.6)	(65.6)	(13.7)
Closed missions			
Assessed contributions receivable	532.2	534.7	(0.5)
Allowance for doubtful receivables	(526.5)	(532.7)	(1.2)
Total	1 482.6	1 566.1	(5.3)

Figure IV.VI
Trend in assessed contributions receivable, before allowance for doubtful accounts

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

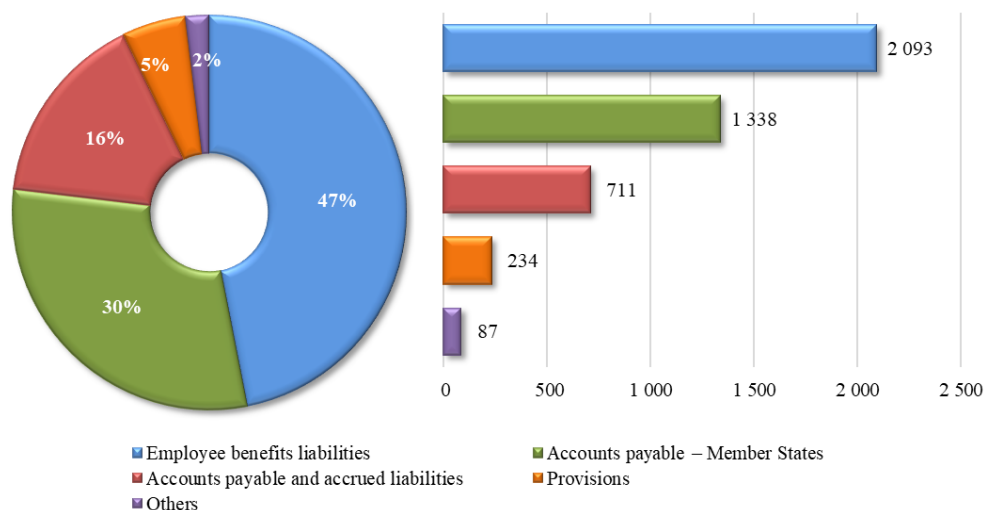


Liabilities

24. The total liabilities of the peacekeeping operations recorded an increase of \$234.6 million (6 per cent increase) from \$4,226.7 million to \$4,461.3 million. The most notable changes were an increase in employee benefits liabilities by \$362.4 million (21 per cent increase) from \$1,730.2 million to \$2,092.6 million, and a decrease in accounts payable and accrued liabilities by \$88.2 million (11 per cent decrease) from \$798.7 million to \$710.5 million.

25. Figure IV.VII presents the structure of the peacekeeping operations' liabilities as at 30 June 2019. The peacekeeping operations' liabilities largely comprised employee benefits liabilities of \$2,092.6 million, accounts payable to Member States of \$1,337.6 million and other accounts payable and accrued liabilities of \$710.5 million.

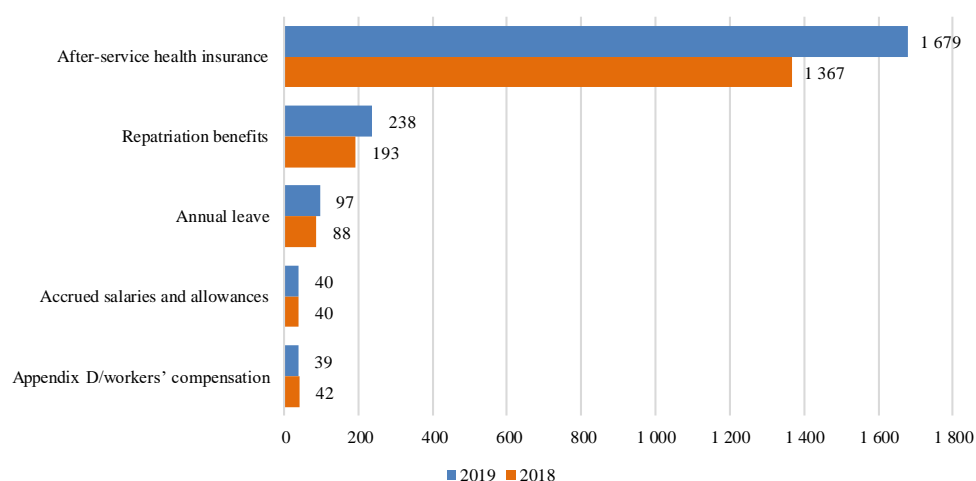
Figure IV.VII
Liabilities as at 30 June 2019
 (Millions of United States dollars and percentage)



Employee benefits liabilities

26. Employee benefits liabilities, as depicted in figure IV.VIII, consisted largely of liabilities related to after-service health insurance of \$1,679.4 million, repatriation benefits of \$237.6 million and annual leave benefits of \$96.9 million. Those liabilities were valued by independent actuaries. The increase in liabilities from the prior year was attributable mainly to lower discount rates.

Figure IV.VIII
Employee benefits liabilities
 (Millions of United States dollars)



27. Employee benefits liabilities for after-service health insurance, annual leave and repatriation benefits continue on the pay-as-you-go approach for the present time pursuant to General Assembly resolution 70/248. The Organization continues to explore options to fund the liabilities.

Accounts payable and accrued liabilities

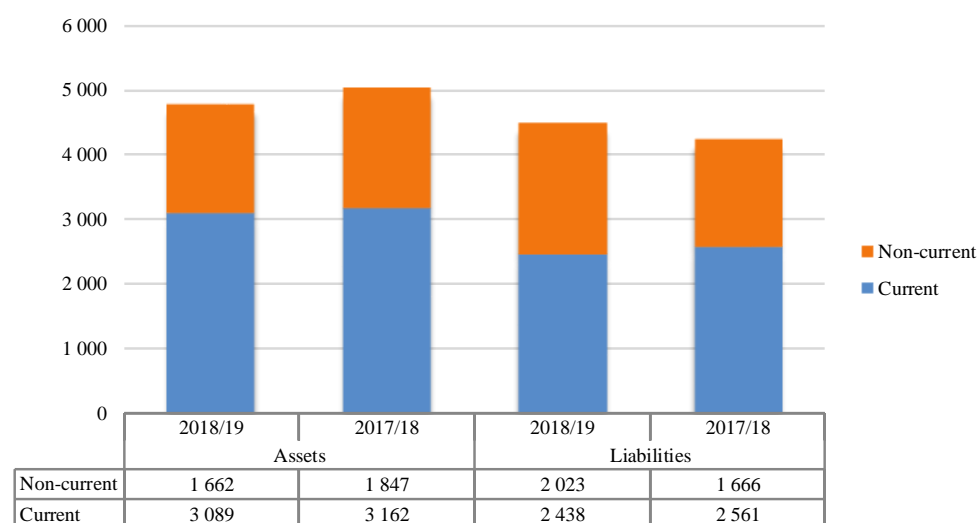
28. Accounts payable and accrued liabilities decreased by \$160.1 million (7 per cent decrease) from \$2,208.2 million to \$2,048.1 million. These liabilities consisted mainly of payables to Member States of \$1,337.6 million (2017/18: \$1,409.5 million), accruals for goods and services of \$523.7 million (2017/18: \$579.7 million) and vendor payables of \$166.6 million (2017/18: \$191.6 million).

29. Figure IV.IX provides the structure of the peacekeeping operations accounts by current and non-current assets and liabilities as at 30 June 2019 and 30 June 2018, indicating little change in non-current assets and non-current liabilities.

Figure IV.IX

Assets and liabilities: current and non-current

(Millions of United States dollars)



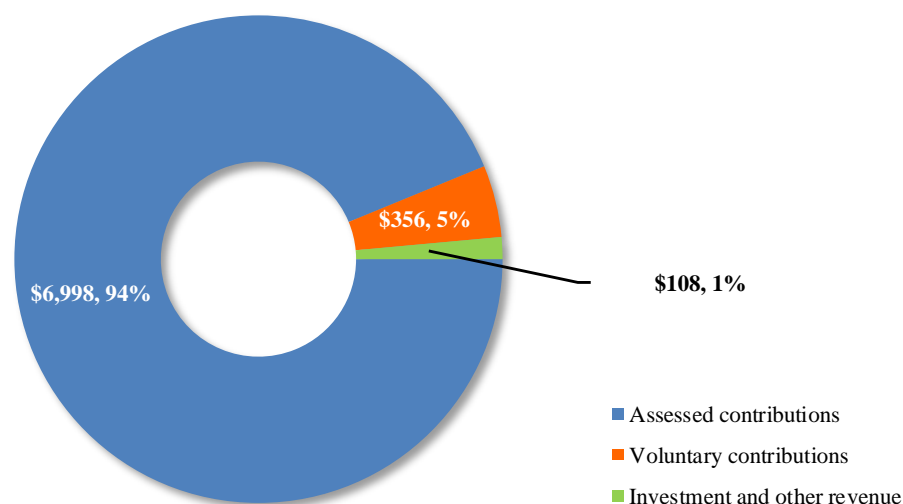
Financial performance

Revenue analysis

30. The total revenue of the peacekeeping operations for the period ending 30 June 2019 was \$7,462.5 million, compared with total expenses of \$7,732.7 million, resulting in a shortage of total revenue over total expenses of \$270.2 million. The net decrease in revenue by \$281.8 million was attributable mainly to a decrease in assessed contributions of \$287.3 million (3.9 per cent decrease). Figure IV.X provides an analysis of revenue by nature.

Figure IV.X
Revenue by nature

(Millions of United States dollars and percentage)



Assessed contributions

31. Assessed contributions of \$6,998.4 million accounted for 93.8 per cent of the total revenue for the peacekeeping operations during 2018/19. Assessed contributions are based on a scale of peacekeeping assessment approved by the General Assembly.

32. Assessed contributions decreased by \$287.3 million (3.9 per cent decrease) from \$7,285.7 million in 2017/18 as a result of the changes in mandates and the reconfiguration of missions. The closure of UNMIL (decrease of \$116.9 million) and the phaseout of MINUJUSTH (decrease of \$54.5 million) contributed to the reduction in assessed contributions. UNAMID continued its drawdown (decrease of \$202.1 million). Table IV.3 presents the status of assessment for active missions.

Table IV.3
Assessments

(Millions of United States dollars and percentage)

	2018/19	2017/18	Percentage increase (decrease)
UNFICYP	32.0	32.6	(1.8)
UNDOF	71.8	61.3	17.1
UNIFIL	505.1	513.5	(1.6)
MINURSO	56.0	55.6	0.7
UNMIK	39.6	40.3	(1.7)
MONUSCO	1 192.3	1 220.7	(2.3)
UNMIL	–	116.9	(100.0)
MINUSTAH/MINUJUSTH	129.3	183.8	(29.7)
UNAMID	742.4	944.5	(21.4)
UNSOS	597.0	622.2	(4.1)

	2018/19	2017/18	Percentage increase (decrease)
UNISFA	285.0	285.1	0.0
UNMISS	1 203.3	1 145.0	5.1
MINUSMA	1 149.6	1 120.4	2.6
MINUSCA	995.0	943.8	5.4
Total	6 998.4	7 285.7	(3.9)

Voluntary contributions

33. Voluntary contributions, as shown in table IV.4, decreased by \$6.8 million (1.9 per cent decrease). The 2017/18 one-time contribution of \$5.2 million in equipment to UNMISS explains the decrease in other goods and rights-to-use (decrease of 72.4 per cent).

Table IV.4

Voluntary contributions

(Millions of United States dollars and percentage)

	2018/19	2017/18	Percentage increase (decrease)
Monetary	24.4	24.8	(1.6)
Goods and rights-to-use			
Facilities	308.7	307.7	0.3
Landing rights	20.5	22.4	(8.5)
Others	2.1	7.6	(72.4)
Total	355.7	362.5	(1.9)

Investment and other revenue

34. The increase of \$11.4 million in investment revenue was attributable to the improved annualized rate of return in cash pool investment, from 1.55 per cent in 2017/18 to 2.31 per cent in 2018/19. The rate of return has been improving since 2016/17, when it was 1.04 per cent.

Expense analysis

35. Total expenses decreased by \$240.8 million (3 per cent decrease) from \$7,973.5 million in 2017/18 to \$7,732.7 million in 2018/19. The decrease in expenses was in line with the decrease in assessed contributions. The major reductions in expenses were other operating expenses (decrease of \$122.8 million) and provision for credit returns to Member States (decrease of \$102.2 million).

36. Figures IV.XI and IV.XII highlight expenses by nature, showing that there was little change in the composition of expenses. Contingent contracted services accounted for 34 per cent (33 per cent in 2017/18) of total expenses, followed by employee salaries, allowances and benefits of 25 per cent (24 per cent in 2017/18) and other operating expenses of 16 per cent (18 per cent in 2017/18).

Figure IV.XI
Expenses by nature

(Millions of United States dollars and percentage)

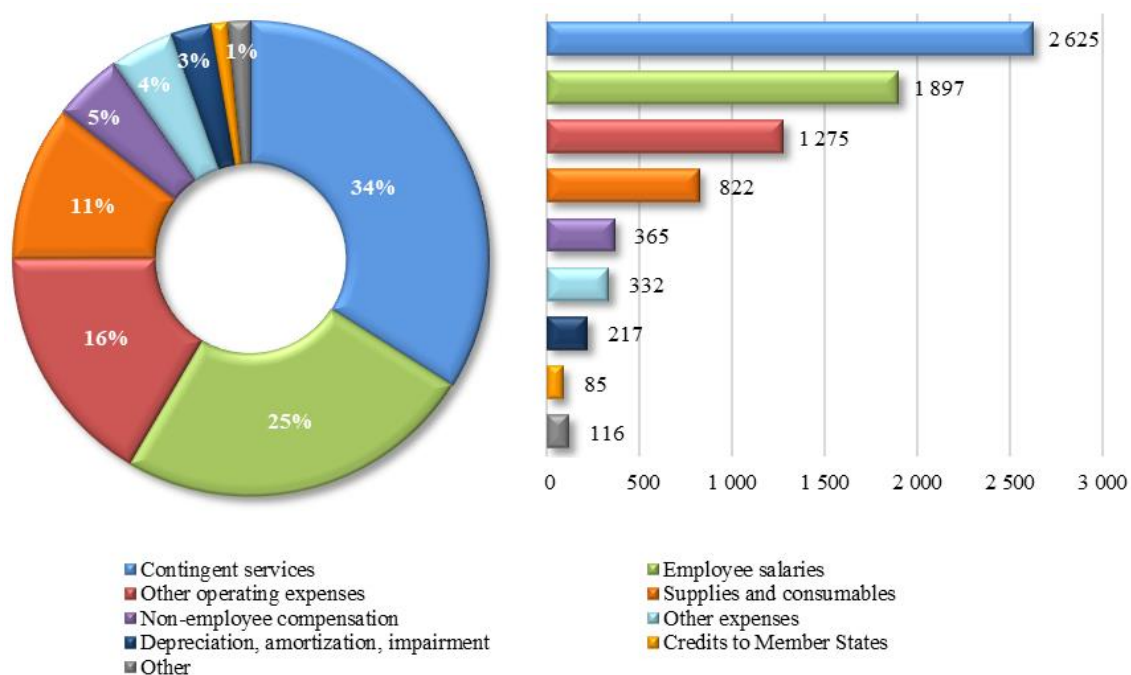
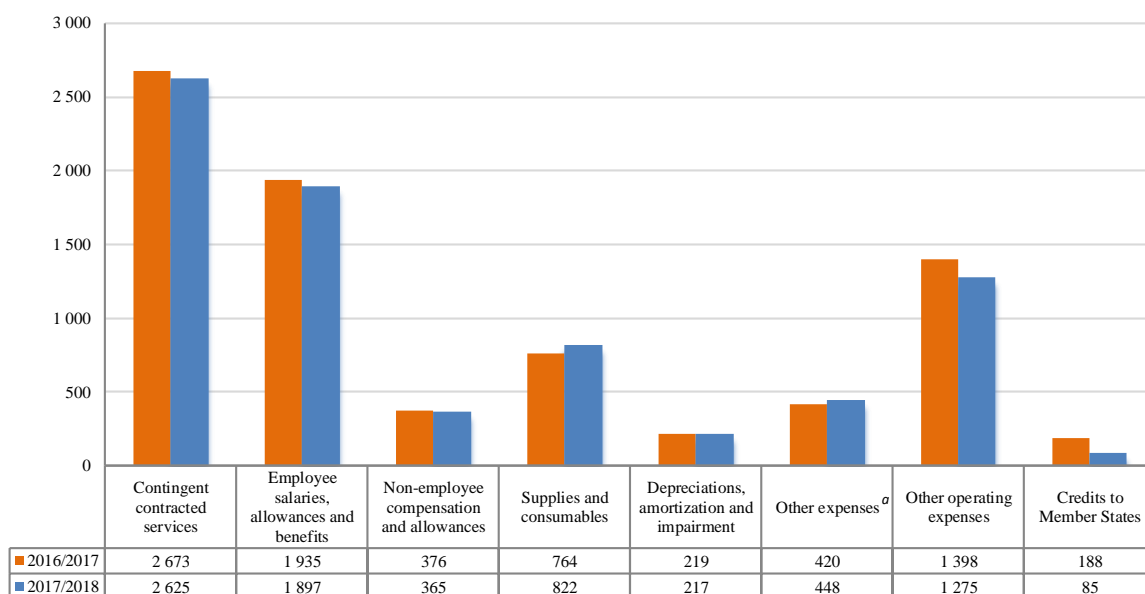


Figure IV.XII
Changes in expenses by nature

(Millions of United States dollars)

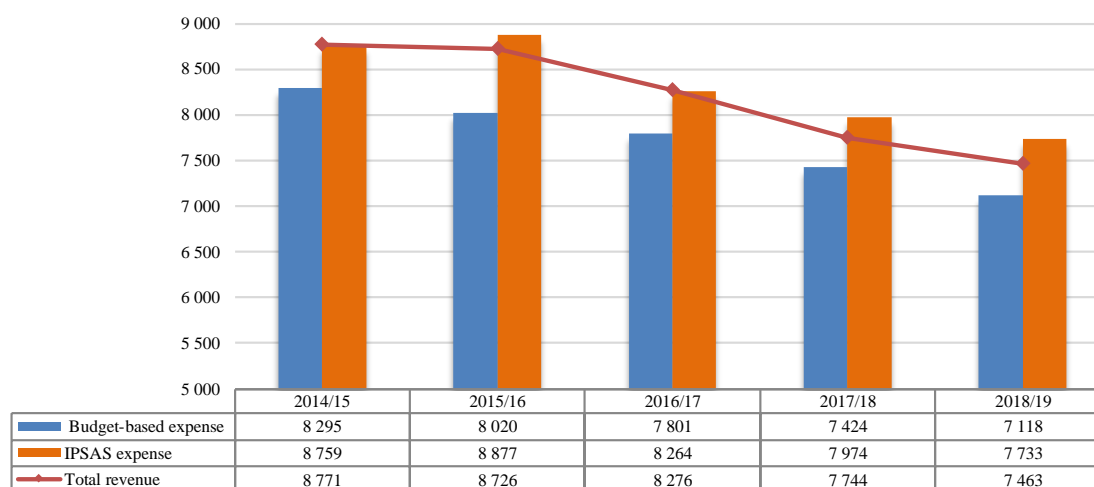


^a For the purposes of the present chart, the category "Other expenses" includes: other expenses (2017/18: \$332.4 million and 2018/19: \$331.7 million); self-insurance claims and expenses (2017/18: \$2.2 million and 2018/19: \$2.3 million); travel (2017/18: \$34.8 million and 2018/19: \$34.4 million); and grants and other transfers (2017/18: \$50.5 million and 2018/19: \$79.7 million).

37. Figure IV.XIII illustrates the trend in expenses (on an IPSAS basis) of peacekeeping operations for fiscal period 2018/19 and four preceding periods, including in comparison with expenditure (on a modified cash basis), as well as total revenue over the same period.

Figure IV.XIII
Trend of expenses

(Millions of United States dollars)



C. Peacekeeping operations budgets

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

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

D. Looking forward to 2019/20

40. MINUJUSTH and UNAMID began to operate jointly with their respective United Nations country teams and will transfer programmes that will continue to be carried out by the United Nations system in the post-mission period. In that regard, the United Nations country teams have worked on financing strategies and action plans to secure the resources necessary for their critical work after the exit of the missions. The two missions are on their way to a closely managed drawdown and closure.

Chapter V

Financial statements for the year ended 30 June 2019

I. Statement of financial position as at 30 June 2019

(Thousands of United States dollars)

	<i>Note</i>	<i>30 June 2019</i>	<i>30 June 2018</i>
Assets			
Current assets			
Cash and cash equivalents	6	78 719	88 754
Investments	22	1 116 666	1 070 110
Assessed contributions receivable	7	1 482 621	1 566 112
Voluntary contributions receivable	8	7 222	—
Other receivables	9	44 278	34 213
Inventories	10	333 160	369 020 ^a
Other assets	11	26 581	33 584
Total current assets		3 089 247	3 161 793
Non-current assets			
Investments	22	112 855	256 407
Property, plant and equipment	12	1 545 737	1 587 476
Intangible assets	13	3 754	3 491
Total non-current assets		1 662 346	1 847 374
Total assets		4 751 593	5 009 167
Current liabilities			
Accounts payable – Member States	14	1 337 587	1 409 487
Accounts payable and accrued liabilities	14	710 508	798 715
Advance receipts	15	27 665	12 517
Employee benefits liabilities	16	69 004	64 243
Provisions	17	233 745	216 535
Other liabilities	18	59 226	59 293
Current liabilities		2 437 735	2 560 790
Non-current liabilities			
Employee benefits liabilities	16	2 023 576	1 665 941
Non-current liabilities		2 023 576	1 665 941
Total liabilities		4 461 311	4 226 731
Net of total assets and total liabilities		290 282	782 436
Net assets			
Accumulated surpluses – unrestricted	19	28 909	521 063
Accumulated surpluses – restricted	19	111 373	111 373
Reserves	20	150 000	150 000
Total net assets		290 282	782 436

^a Restated, see note 10.

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

II. Statement of financial performance for the year ended 30 June 2019

(Thousands of United States dollars)

	<i>Note</i>	<i>2018/19</i>	<i>2017/18</i>
Revenue			
Assessed contributions	21	6 998 394	7 285 708
Voluntary contributions	21	355 691	362 540
Investment revenue	22	49 704	38 320
Other transfers and allocations	21	596	687
Other revenue	21	58 162	57 044
Total revenue		7 462 547	7 744 299
Expenses			
Employee salaries, allowances and benefits	23	1 896 592	1 935 390
Contingent contracted services	23	2 624 556	2 673 276 ^a
Non-employee compensation and allowances	23	364 591	376 288
Grants and other transfers	23	79 693	50 535
Supplies and consumables	23	821 694	763 921
Depreciation	12	216 289	216 150
Amortization	13	548	621
Impairment	12	—	2 585
Travel	23	34 381	34 843
Self-insurance claims and expenses	23	2 270	2 173
Other operating expenses	23	1 275 122	1 397 930 ^{a,b}
Other expenses	23	331 690	332 355
Credits to Member States	24	85 313	187 513
Total expenses		7 732 739	7 973 580
Surplus/(deficit) for the year		(270 192)	(229 281)

^a Restated to conform to the current presentation. Other operating expenses of \$25.9 million were reclassified to contingent contracted services.

^b In addition to the reclassification mentioned in the above footnote, there was an increase of \$16.8 million with regard to equipment under the capitalization threshold (see note 10).

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

III. Statement of changes in net assets for the year ended 30 June 2019

(Thousands of United States dollars)

	<i>Accumulated surpluses/ (deficits) – unrestricted</i>	<i>Accumulated surpluses – restricted</i>	<i>Reserves</i>	<i>Total</i>
Net assets as at 1 July 2017	527 633	111 373	150 000	789 006
Changes in net assets				
Other adjustments to net assets ^a	(27 918)	–	–	(27 918)
Actuarial gain on employee benefits liabilities	250 629	–	–	250 629
Deficit for the year ended 30 June 2018 ^b	(229 281)	–	–	(229 281)
Net assets as at 30 June 2018	521 063	111 373	150 000	782 436
Changes in net assets				
Adjustment of and actuarial loss on employee benefits liabilities ^c	(221 962)	–	–	(221 962)
Deficit for the year ended 30 June 2019	(270 192)	–	–	(270 192)
Net assets as at 30 June 2019	28 909	111 373	150 000	290 282

^a Restated. \$3.1 million for the revised adjustment of the opening balance in inventory (see note 10), and \$24.8 million for the write-off of assets under construction in UNAMID.

^b Restated. An additional deficit of \$16.8 million with regard to equipment under the capitalization threshold (see note 10).

^c Adjustment of \$100.0 million and actuarial loss of \$125.7 million for defined-benefit liabilities (see note 16), and actuarial gain of \$3.8 million for workers' compensation.

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

IV. Statement of cash flows for the year ended 30 June 2019

(Thousands of United States dollars)

	<i>Note</i>	<i>2018/19</i>	<i>2017/18</i>
Cash flows from operating activities			
Surplus/(deficit) for the year		(270 192)	(229 281)^a
<i>Non-cash movements</i>			
Depreciation and amortization	12, 13	216 837	216 771
Impairment of property, plant and equipment	12	–	2 585
<i>Changes in assets</i>			
(Increase)/decrease in assessed contributions receivable	7	83 491	(640 275)
(Increase)/decrease in voluntary contributions receivable	8	(7 222)	–
(Increase)/decrease in other receivables	9	(10 065)	9 681
(Increase)/decrease in inventories	10	35 860	(19 397) ^a
(Increase)/decrease in other assets	11	7 003	6 386
<i>Changes in liabilities</i>			
Increase/(decrease) in accounts payable – Member States	14	(71 900)	223 176
Increase/(decrease) in accounts payable – other	14	(88 207)	8 558
Increase/(decrease) in advance receipts	15	15 148	6 286
Increase/(decrease) in employee benefits liabilities	16	140 434	141 619
Increase/(decrease) in provisions	17	17 210	(114 228)
Increase/(decrease) in other liabilities	18	(67)	(1 170)
Investment revenue presented as investing activities	22	(49 704)	(38 320)
Net cash flows from operating activities		18 626	(427 609)
Cash flows from investing activities			
Net contribution from/(to) cash pool investments		96 996	433 650
Investment revenue presented as investing activities	22	49 704	38 320
Net increase in property, plant and equipment	12	(174 550)	(232 811)
Investment in intangible assets	13	(811)	(3 672)
Net cash flows from investing activities		(28 661)	235 487
Net decrease in cash and cash equivalents		(10 035)	(192 122)
Cash and cash equivalents – beginning of year		88 754	280 876
Cash and cash equivalents – end of year	6	78 719	88 754

^a Restated.

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

V. Statement of comparison of budget and actual amounts for the year ended 30 June 2019

(Thousands of United States dollars)

<i>Appropriated activities</i>	<i>Budget</i>		<i>Actual revenue/ expenditure budget basis</i>	<i>Difference^a (percentage)</i>
	<i>Original</i>	<i>Final</i>		
Revenue				
Assessed contributions	6 998 394	6 998 394	6 998 394	–
Voluntary contributions, budgeted	25 461	25 461	25 171	(1.14)
Allocations from other funds	596	596	596	
Total revenue	7 024 451	7 024 451	7 024 161	–
Expenditure				
Active missions^b				
UNFICYP	56 950	56 950	55 432	(2.67)
UNDOF	64 190	64 190	62 932	(1.96)
UNIFIL	505 054	505 054	505 023	(0.01)
MINURSO	56 517	56 517	56 327	(0.34)
UNMIK	39 595	39 595	39 594	(0.00)
MONUSCO	1 192 265	1 272 265 ^c	1 272 203	–
MINUJUSTH	129 302	129 302	129 113	(0.15)
UNAMID	742 390	742 390	741 845	(0.07)
UNSOS	597 034	597 034	596 264	(0.13)
UNISFA	282 239	282 239	278 147	(1.45)
UNMISS	1 203 326	1 229 260 ^d	1 228 473	(0.06)
MINUSMA	1 149 585	1 182 185 ^e	1 180 533	(0.14)
MINUSCA	995 012	995 012	965 443	(2.97)
Total active missions	7 013 459	7 151 993	7 111 329	(0.57)
Less: prorated costs of support account	(322 638)	(322 638)	(322 638)	
Less: prorated costs of UNLB – other activities	(81 168)	(81 168)	(81 168)	
Less: prorated costs of RSCE	(27 861)	(27 861)	(27 861)	
Total active missions, excluding prorated costs	6 581 792	6 720 326	6 679 662	(0.61)
Support activities				
Support account	324 703	324 703	324 703	–
UNLB – other activities	82 449	82 449	82 079	(0.45)
RSCE	31 439	31 439	31 436	(0.01)
Total support activities	438 591	438 591	438 218	(0.09)
Total expenditure, in accordance with 2018/19 budget-based active missions and support activities	7 020 383	7 158 917	7 117 880	(0.57)
Net total	4 068	(134 466)	(93 719)	

<i>Non-appropriated activities</i>	<i>Funding</i>	<i>Expenditure</i>
UNLB – strategic deployment stock activities ^f	73 840	22 334
Reserve fund for workers' compensation ^g	2 304	2 292
Peacekeeping Reserve Fund	–	7
Peacekeeping cost recovery ^h	74 967	67 121
Total non-appropriated activities	151 111	91 754

^a Actual expenditure (budget basis) less final budget.

^b Budget and actual expenditure of active missions include prorated costs for the support account, UNLB – other activities and RSCE.

^c In addition to the original appropriation for the period 1 July 2018 to 30 June 2019, an appropriation of \$80.0 million was approved by the General Assembly in resolution [72/293](#).

^d Commitments of \$25.9 million were authorized on 30 April 2019.

^e Commitments of \$32.6 million were authorized on 29 April 2019.

^f Funding for strategic deployment stocks is based on current-period transfers to peacekeeping and political missions and other offices and fund balances brought forward from the prior period.

^g Funding for workers' compensation is allocated from active missions.

^h Funding for cost recovery is allocated from the revenue of the Fund.

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

United Nations peacekeeping operations as reported in volume II

Notes to the 2018/19 financial statements

Note 1

Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations was signed on 26 June 1945 and became effective on 24 October 1945. The primary objectives of the United Nations are:

- (a) The maintenance of international peace and security;
- (b) The promotion of international economic and social progress and development programmes;
- (c) The universal observance of human rights;
- (d) The administration of international justice and law.

2. These objectives are implemented through the major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as the financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(e) The Secretariat is organized along departmental lines, with each department or office having a distinct area of action and responsibility. Offices and departments coordinate with each other to ensure cohesion as they carry out the day-to-day work of the Organization in offices and duty stations around the world. At the head of the United Nations Secretariat is the Secretary-General.

3. The United Nations has its headquarters in New York and has major offices in Geneva, Vienna and Nairobi. It also has peacekeeping and political missions, economic commissions, tribunals, training institutes, information centres and other offices around the world.

The United Nations peacekeeping operations

4. These financial statements relate to the United Nations peacekeeping operations, a separate financial reporting entity of the United Nations for the purposes of IPSAS-compliant reporting.

5. United Nations peacekeeping, with a mandate to help countries affected by conflict to create conditions for lasting peace, began operations in 1948 with the

creation of the first peacekeeping mission. Since then, 69 peacekeeping missions (2018/19: 69 missions) have been deployed by the United Nations, 56 of them since 1988.

6. United Nations peacekeeping operates under the direction of the Security Council; as deemed appropriate by vote of the Council, peacekeeping missions are established, extended, amended or ended. Under Article 25 of the Charter, all States Members of the United Nations agree to accept and carry out the decisions of the Security Council; while other organs make recommendations to Member States, the Council alone has the power to take decisions that Member States are obligated to follow. United Nations peacekeeping has unique strengths, including legitimacy, burden-sharing and an ability to deploy and sustain troops and police from around the world, integrating them with civilian peacekeepers to advance multidimensional mandates. As at 30 June 2019, there were 13 active United Nations peacekeeping missions (30 June 2018: 14 active missions) deployed across four continents.

7. The peacekeeping operations are regarded as an autonomous reporting entity, which, due to the uniqueness of the governance and budgetary process of each of the reporting entities of the United Nations, neither controls nor is controlled by any other United Nations financial reporting entity, and which has no interests in associates, joint ventures or joint arrangements. Therefore, consolidation is not deemed applicable to the reporting entity, and these financial statements include only the activities of the United Nations peacekeeping operations.

Note 2

Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with IPSAS. The financial statements have been prepared on a going-concern basis and the accounting policies have been applied consistently in the preparation and presentation of these financial statements. In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the United Nations peacekeeping operations, consist of the following:

- (a) Statement I: statement of financial position;
- (b) Statement II: statement of financial performance;
- (c) Statement III: statement of changes in net assets;
- (d) Statement IV: statement of cash flows (using the indirect method);
- (e) Statement V: statement of comparison of budget and actual amounts;
- (f) A summary of significant accounting policies and other explanatory notes.

Going concern

9. The going-concern assertion is based on the approval by the General Assembly of the budget appropriations for peacekeeping operations for the 2019/20 financial year, the positive historical trend of collection of assessed contributions over the past years and the fact that the Assembly and the Security Council have not made any decisions to cease the operations of the peacekeeping operations as a whole.

Authorization for issue

10. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2,

the Secretary-General transmits these financial statements as at 30 June 2019 to the Board of Auditors by 30 September 2019. In accordance with financial regulation 7.12, the reports of the Board of Auditors are transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

11. The financial statements are prepared using the historic cost convention except for financial assets, which are recorded at fair value.

Functional and presentation currency

12. The functional currency of the peacekeeping operations is the United States dollar; currencies other than the functional currency are considered foreign currencies for the purpose of financial accounting and reporting. The presentation currency of the peacekeeping operations is also the United States dollar; these financial statements are expressed in thousands of United States dollars unless otherwise stated.

13. Foreign currency transactions are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The operational rate of exchange approximates the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the fiscal-year-end operational rate of exchange. Non-monetary foreign currency items measured at historical cost or fair value are translated at the operational rate of exchange prevailing at the date of the transaction or when the fair value was determined.

14. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at fiscal-year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimates

15. Materiality is central to the preparation and presentation of the financial statements of the peacekeeping operations and the materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

16. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

17. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include actuarial measurement of employee benefits; selection of useful lives and the depreciation and amortization methods for property, plant and equipment and intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets and liabilities.

Future accounting pronouncements

18. The progress and impact of the following significant future accounting pronouncements by the IPSAS Board on the financial statements of the peacekeeping operations continue to be monitored:

(a) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(b) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits;

(c) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede those currently located in IPSAS 9: Revenue from exchange transactions; IPSAS 11: Construction contracts; and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers);

(d) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13;

(e) Public sector measurement: the objectives of this project include: (i) to issue amended IPSAS standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure; (ii) to provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and (iii) to address transaction costs, including the specific matter of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify problems preparers have when applying IPSAS 17 to infrastructure assets. Informed by this research, the aim is to provide additional guidance on accounting for infrastructure assets.

Recent and future requirements of International Public Sector Accounting Standards

19. The IPSAS Board issued IPSAS 41 in August 2018 and IPSAS 42 in January 2019. The impact of these standards on the peacekeeping operation's financial statements has been evaluated as follows:

<i>Standard</i>	<i>Anticipated impact in the year of adoption</i>
IPSAS 41	<p>IPSAS 41: Financial instruments, will replace IPSAS 29 and improve the relevance of information for financial assets and financial liabilities by introducing:</p> <ul style="list-style-type: none"> (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model. <p>IPSAS 41 will be effective from 1 January 2022. Its impact on the financial statements of the peacekeeping operations will be assessed prior to that date.</p>

Standard	Anticipated impact in the year of adoption
IPSAS 42	<p>IPSAS 42: Social benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment.</p> <p>IPSAS 42 will be effective from 1 January 2022. Currently, there are no such social benefits in the peacekeeping operations.</p>

Note 3 Significant accounting policies

Financial assets: classification

20. Classification of financial assets primarily depends on the purpose for which the financial assets are acquired. The peacekeeping operations classify financial assets in one of the categories shown below at initial recognition and re-evaluate the classification at each reporting date.

Classification	Financial assets
Fair value through surplus or deficit	Investments in cash pools
Loans and receivables	Cash and cash equivalents and receivables

21. All financial assets are initially measured at fair value. The peacekeeping operations initially recognize financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the peacekeeping operation becomes party to the contractual provisions of the instrument.

22. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rate of exchange prevailing at the reporting date with net gains or losses recognized in the surplus or deficit in the statement of financial performance.

23. Financial assets at fair value through surplus or deficit are those that have either been designated in this category at initial recognition or are held for trading or are acquired principally for the purpose of sale in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are recognized in the statement of financial performance in the period in which they arise.

24. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

25. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset.

Impairment losses are recognized in the statement of financial performance in the year in which they arise.

26. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the peacekeeping operations have transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Financial assets: investment in cash pools

27. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investments among all pool participants. Since the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

28. The investments of the peacekeeping operations in the main pool are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investment.

Financial assets: cash and cash equivalents

29. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial assets: receivables from non-exchange transactions – contributions receivable

30. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to the peacekeeping operations by Member States, non-member States and other donors based on enforceable agreements. These non-exchange receivables are stated at nominal value, less allowance for doubtful receivables reflecting impairment for estimated irrecoverable amounts. Voluntary contributions receivable are subject to an allowance for doubtful receivables on the same basis as other receivables. For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables from Member States that are subject to Article 19 of the Charter on voting right restrictions in the General Assembly owing to arrears equalling or exceeding the amount of the contributions due for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the General Assembly has granted special treatment as regards payment: UNEF, ONUC, unpaid assessed contributions which were transferred to a special account pursuant to General Assembly resolution 36/116 A, and unpaid assessed contributions of the former Yugoslavia: 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance. Any contested amount outstanding for less than two years will be disclosed in the notes to the financial statements;

(d) Assessed contributions receivable that are past due in excess of two years related to missions that have been closed for over two years: 100 per cent allowance;

(e) For receivables with approved payment plans, no allowance for doubtful debt will be established; however, disclosures will be made in the notes to the financial statements.

Financial assets: receivables from exchange transactions – other receivables

31. Other receivables include primarily amounts receivable for goods or services provided to other entities and amounts receivable for operating lease arrangements. Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables and voluntary contributions receivable are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing accordingly.

Other assets

32. Other assets include prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Inventories

33. Inventory balances are recognized as current assets and include the categories set out below.

<i>Categories</i>	<i>Subcategories</i>
Held for sale or external distribution	Books and publications, stamps
Raw materials and work in progress associated with items held for sale or external distribution	Construction materials and supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves, strategic deployment stocks, United Nations reserves
Consumables and supplies	Material holdings of consumables and supplies, spare parts, medicine

34. The cost of inventory in stock is determined using the average price cost basis. The cost of inventories includes the cost of purchase plus other costs incurred in bringing the items to the destination and condition for use. Inventory acquired through non-exchange transactions, i.e., donated goods, are measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

35. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the United Nations peacekeeping operations. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

36. Holdings of consumables and supplies for internal consumption are capitalized in the statement of financial position when material. Such inventories are valued by the moving average method based on records available in Umoja. Valuations are subject to impairment review, which takes into consideration the variances between moving average price valuation and current replacement cost, as well as slow-moving and obsolete items.

37. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost or net realizable value, which are recognized in the statement of financial performance.

Heritage assets

38. Heritage assets are not recognized in the financial statements, but transactions related to significant heritage assets are disclosed in the notes to the financial statements.

Property, plant and equipment

39. Property, plant and equipment are classified into different groups of items of a similar nature and with similar functions, useful lives and valuation methodologies, such as vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of \$20,000 or \$100,000 for leasehold improvements and self-constructed assets. A lower threshold of \$5,000 applies to five commodity groups: vehicles; prefabricated buildings; satellite communication systems; generators; and network equipment;

(b) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs. Standard rates of 20 per cent of the cost of purchase are used in place of actual associated costs;

(c) For property, plant and equipment acquired at nil or nominal cost, such as donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

40. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. As not all components of a building have the same useful life or have the same maintenance, upgrade or replacement schedules, significant components of owned buildings are depreciated using the components approach. Depreciation commences in the month when the United Nations peacekeeping operation gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of the retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless the residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are set out below.

<i>Class</i>	<i>Subclass</i>	<i>Estimated useful life</i>
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Marine vessels	10 years
	Specialized vehicles, trailers and attachments	6–12 years
	Heavy-wheeled and engineering support vehicles	12 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings	Up to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

41. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation and property, plant and equipment are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

42. The peacekeeping operations selected the cost model, instead of the revaluation model, for the measurement of property, plant and equipment after initial recognition.

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the peacekeeping operations and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

43. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from the carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

44. Impairment assessments are conducted during the annual physical verification process and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end net book value greater than \$500,000 are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is \$25,000.

Intangible assets

45. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are \$100,000 per unit for internally generated intangible assets and \$20,000 per unit for externally acquired intangible assets.

46. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the peacekeeping operations are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

<i>Class</i>	<i>Range of estimated useful life</i>
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software developed internally	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

47. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life.¹ Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

48. Financial liabilities are classified as other financial liabilities. They include accounts payable, unspent funds held for future refund and other liabilities such as

¹ No intangible assets with an indefinite useful life were recorded in 2018/19.

balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with durations of less than 12 months are recognized at their nominal value. The peacekeeping operations re-evaluate the classification of financial liabilities at each reporting date and derecognize financial liabilities when contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued expenses

49. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. Payables are recognized and subsequently measured at their nominal value as they are generally due within 12 months.

Advance receipts and other liabilities

50. Advance receipts are contributions received for future periods. Other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the peacekeeping operations as lessee²

51. Leases of property, plant and equipment where a peacekeeping operation has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payment. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

52. Leases where all of the risks and rewards of ownership are not substantially transferred to a peacekeeping operation are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Leases: the peacekeeping operations as lessor³

53. The peacekeeping operations lease out (act as a lessor) certain assets under operating leases. Assets subject to operating leases are reported under property, plant and equipment. Lease revenue from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

Donated rights to use

54. The right to use land, buildings, infrastructure assets, machinery and equipment is frequently granted to peacekeeping operations, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control of the underlying asset is transferred to the peacekeeping operation.

² No finance lease contracts were recorded in 2018/19.

³ No operating lease contracts were recorded as lessor in 2018/19 and prior years.

55. When a donated right-to-use arrangement is classified as an operating lease, an expense and corresponding revenue equal to the annual market rent of similar property are recognized in the financial statements. Where a donated right-to-use arrangement is classified as a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the term of the arrangement or the useful life of the property. In addition, a liability for the same amount is recorded and progressively recognized as revenue over the lease term.

56. Donated right-to-use land arrangements are accounted for as operating leases where the peacekeeping operation does not have exclusive control and title to the land is not transferred under restricted deeds. Where title to land is transferred to the peacekeeping operation without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

57. The thresholds for the recognition of revenue and expenses is yearly rental value equivalent of \$20,000 for each donated right-to-use arrangement for land, buildings or infrastructure assets and \$5,000 per item for machinery and equipment assets.

Employee benefits

58. Employees are staff members, as described under Article 97 of the Charter, whose employment and contractual relationship with a peacekeeping operation are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

59. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily, weekly or monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.

60. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. As home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

61. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension provided through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

62. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated

annual leave that is commuted to cash upon separation from the Organization (other long-term benefit). Defined-benefit plans are those where the peacekeeping operations have an obligation to provide agreed benefits and therefore bear the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The peacekeeping operations have elected to recognize changes in the liability valuation from actuarial gains and losses directly through the statement of changes in net assets. As at the reporting date, the peacekeeping operations did not hold any plan assets as defined by IPSAS 39: Employee benefits.

63. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

64. **After-service health insurance.** Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and five years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the peacekeeping operations of medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the residual liability of the peacekeeping operations. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the residual liability of the peacekeeping operations in accordance with the cost-sharing ratios authorized by the General Assembly.

65. **Repatriation benefits.** Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation benefits, comprising a repatriation grant based upon length of service and travel and removal expenses. A liability is recognized from when the staff member joins a peacekeeping operation and is measured as the present value of the estimated liability for settling these entitlements.

66. **Annual leave.** The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the Organization. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members access current period leave entitlements before they access accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Organization. The accumulated annual leave benefit reflecting the outflow of economic resources from the Organization at end of service is therefore classified as “other long-term benefit”; noting that the portion of the accumulated annual leave benefit that is expected to be

settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly as post-employment benefits; therefore, the peacekeeping operation values its accumulated annual leave benefit liability as a defined post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

67. The peacekeeping operations constitute a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified by article 3 (b) of the Regulations of the Pension Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the plan. The peacekeeping operations and the United Nations Joint Staff Pension Fund, in line with other participating organizations in the Fund, are not in a position to identify their proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the peacekeeping operations have treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 39. Contributions by the peacekeeping operations to the plan during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

68. Termination benefits are recognized as an expense only when the peacekeeping operation is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits will fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

69. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of a long-term employee benefit.

70. Appendix D to the Staff Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Actuaries value these liabilities and actuarial gains or losses in the liability are recognized in the statement of changes in net assets.

Provisions

71. Provisions are liabilities recognized for future expenditure of an uncertain amount or timing. A provision is recognized if, as a result of a past event, the peacekeeping operation has a present legal or constructive obligation that can be

estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

72. Uncommitted balances of the current-year appropriations and expired balances of the appropriations retained from prior years are required to be surrendered to the Member States. Investment income and other income are also returned to the Member States, together with the surrendered appropriations. At the reporting date, provisions are made for the surplus balances to be returned to the Member States with an adjustment to net assets. The surplus balances remain as provisions until the General Assembly decides the manner of their disposal.

Contingent liabilities

73. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the peacekeeping operations, or present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations or because the amount of the obligations cannot be reliably measured.

Contingent assets

74. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the peacekeeping operations.

Commitments

75. Commitments are future expenses that are to be incurred on contracts entered into by the reporting date and that the peacekeeping operations have minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the peacekeeping operations in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

76. Assessed contributions for the peacekeeping operations are assessed and approved for a one-year budget period. Assessed contributions are recognized as revenue at the beginning of the year.

77. Assessed contributions include the amounts assessed to the Member States to finance the activities of the peacekeeping operations in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-member States is presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

78. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time the agreement becomes binding, which is the point when a peacekeeping operation is deemed to acquire

control of the asset. Where cash is received subject to specific conditions, however, recognition is deferred until those conditions have been satisfied.

79. Voluntary pledges and other promised donations that are not supported by binding agreements with terms of offer and acceptance are recognized as revenue upon the receipt of cash. Unused funds returned to the donor are netted against revenue (if those funds are recognized as revenue during the year) or shown as a reduction of net assets if the funds were recognized in the previous year.

80. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable a peacekeeping organization to administer projects or other programmes on their behalf.

81. In-kind contributions of goods above the recognition threshold of \$20,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the peacekeeping operations and the fair value of those assets can be measured reliably. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment a lower threshold of \$5,000 applies. Contributions in kind are initially measured at their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals. The peacekeeping operations have elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of services above the threshold of \$20,000 in the notes to the financial statements.

Exchange revenue

82. Exchange transactions are those where the peacekeeping operations sell goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed;

(b) Exchange revenue also includes income from the rental of premises, the sale of used or surplus property and income from net gains resulting from currency exchange adjustments.

Investment revenue

83. Investment revenue includes the share of the peacekeeping operations of net cash pool income and other interest income. The net cash pool income includes any gains or losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to investment activities are netted against income and the net income is distributed proportionately to all cash pool participants based on their average daily balances. The cash pool income also includes the value of unrealized market gains and losses on securities, which is distributed proportionately to all participants based on year-end balances.

Expenses

84. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered, and services are rendered, regardless of the terms of payment.

85. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, including pension and insurance subsidies, staff mission subsistence, assignment, repatriation, hardship and other allowances. Expenses for contingent contracted services relate to troop costs, contingent self-sustainment costs, contingent-owned equipment and contingent operations reimbursements, and compensation for troop death and disability costs. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers, consultant fees, mission subsistence and clothing allowances, and death and disability, residential security and welfare costs for military observers and civilian police. Supplies and consumables expenses relate to spare parts and supplies for facilities, vehicles, machinery and equipment, and communications and information technology equipment, in addition to petroleum, oil and lubricant costs. This category of expenses also includes rations, medical supplies, uniforms and safety and security supplies. Grants and other transfers include outright grants and transfers to implementing agencies and partners for quick-impact projects as well as other direct support costs. Travel expenses include transportation, allowances and other related costs for staff and non-staff. Other operating expenses include maintenance, contractual services, rental of aircraft, mine action services, security services, shared services, rental of facilities, insurance, allowance for bad debt and write-off expenses. Other expenses relate to contributions in kind, hospitality and official functions, and ex gratia and compensation claims.

Note 4

Segment reporting

86. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources.

87. United Nations peacekeeping classifies its operations into three segments:

(a) *Active missions*

- | | | | |
|-----------|-----------|---------------------------------------|-----------|
| • UNFICYP | • UNDOF | • UNIFIL | • MINURSO |
| • UNMIK | • MONUSCO | • MINUSTAH/
MINUJUSTH ⁴ | • UNAMID |
| • UNSOS | • UNISFA | • UNMISS | • MINUSMA |
| • MINUSCA | | | |

⁴ To be closed on 15 October 2019.

(b) *Closed missions*

- UNMIL⁵
- UNOCI
- UNSMIS
- UNMIT
- UNMIS
- MINURCAT
- UNOMIG
- UNMEE
- ONUB
- UNAMSIL/
UNOMSIL
- UNMISSET/
UNTAET
- UNIKOM
- UNMIBH
- UNMOT
- MIPONUH/
UNSMIH/UNTMIH
- MINURCA
- MONUA/UNAVEM
- UNPREDEP
- UNTAES/UNPSG
- UNOMIL
- UNPF
- MINUGUA
- UNMIH
- UNAMIR/
UNOMUR
- ONUSAL
- ONUMOZ
- UNSOM
- UNMLT
- UNTAC
- UNTAG
- UNIIMOG
- UNEF (1956)
- ONUC

(c) *Support activities*

- Peacekeeping Reserve Fund
- Support account for peacekeeping operations
- UNLB/strategic deployment stocks
- RSCE
- Employee benefits funds
- Peacekeeping cost recovery

88. The segment revenue, expenses, assets and liabilities are set out below.

Segment performance and position, 30 June 2019

(Thousands of United States dollars)

<i>Current year</i>	<i>Active missions</i>	<i>Closed missions</i>	<i>Support activities</i>	<i>Eliminations</i>	<i>Total 2018/19</i>
Segment revenue					
Assessed contributions	6 998 394	—	—	—	6 998 394
Voluntary contributions	350 372	—	5 319	—	355 691
Transfers and allocations	—	—	433 190	(432 594) ^a	596
Other external sources	50 366	4 384	94 800	(41 684) ^b	107 866
Total revenue	7 399 132	4 384	533 309	(474 278)	7 462 547
Total segment expense	7 542 292	(13 428)	678 153	(474 278)	7 732 739
Surplus/(deficit) for the year	(143 160)	17 812	(144 844)	—	(270 192)
Segment assets	4 100 555	240 843	483 823	(73 628) ^c	4 751 593
Segment liabilities	2 162 273	265 563	2 107 103	(73 628) ^c	4 461 311
Total net assets	1 938 282	(24 720)	(1 623 280)	—	290 282
Capital expenditures	182 300	—	27 619	—	209 919

^a Allocation from active missions to support activities.

^b \$23.5 million for cost recovery between missions, \$14.8 million for the transfer of strategic deployment stocks to peacekeeping missions and the transfer of inventory and equipment between peacekeeping missions, and \$3.4 million for the allocation from active missions to the reserve fund for workers' compensation.

^c Cross-borrowings between missions.

⁵ Closed on 31 March 2018.

Segment performance and position, 30 June 2018^a

(Thousands of United States dollars)

<i>Current year</i>	<i>Active missions</i>	<i>Closed missions</i>	<i>Support activities</i>	<i>Eliminations</i>	<i>Total 2017/18</i>
Segment revenue					
Assessed contributions	7 285 708	–	–	–	7 285 708
Voluntary contributions	357 006	–	5 534	–	362 540
Transfers and allocations	–	–	436 412	(435 725) ^b	687
Other external sources	54 311	3 114	109 751	(71 812) ^c	95 364
Total revenue	7 697 025	3 114	551 697	(507 537)	7 744 299
Total segment expense	7 793 319	1 993	685 805	(507 537)^b	7 973 580
Surplus/(deficit) for the year	(96 294)	1 121	(134 108)	–	(229 281)
Segment assets	4 349 932	234 356	487 869	(62 990) ^d	5 009 167
Segment liabilities	2 267 302	276 721	1 745 698	(62 990) ^d	4 226 731
Total net assets	2 081 275	(42 365)	(1 257 829)	–	782 436
Capital expenditures	222 209	–	32 265	–	254 474

^a Segment performance and position restated to reflect prior year adjustment (see note 10).

^b Allocation from active missions to support activities.

^c \$30.9 million for cost recovery between missions and funding for inventory reserve, \$36.7 million for the transfer of strategic deployment stocks to peacekeeping missions and the transfer of inventory and equipment between peacekeeping missions, \$0.8 million for equipment replacement costs charged in respect of strategic deployment stocks and \$3.4 million for the allocation from active missions to the reserve fund for workers' compensation.

^d \$58.9 million for cross-borrowings between missions and \$4.1 million for inter-fund balances between peacekeeping missions and the cost recovery fund.

Note 5

Comparison to budget

89. Statement V, the statement of comparison of budget and actual amounts, presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

90. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each mission under General Assembly resolutions.

Material differences

91. The original budget amounts are the appropriations and voluntary contributions approved on 30 June 2018 by the General Assembly for the financial year from 1 July 2018 to 30 June 2019. The final budget reflects the original budget appropriation with any amendments by the Assembly and commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions.

92. Material differences between the final budget appropriation and actual expenditure on a modified accrual basis are deemed to be those greater than 5 per cent and are considered below.

<i>Mission</i>	<i>General Assembly resolution</i>	<i>Note</i>
UNFICYP	72/292	Non-material difference
UNDOF	72/298	Non-material difference
UNIFIL	72/299	Non-material difference
MINURSO	72/301	Non-material difference
UNMIK	72/295	Non-material difference
MONUSCO	72/293	Non-material difference
MINUJUSTH	72/260 B	Non-material difference
UNAMID	72/259 B and 73/278 A	Non-material difference
UNSOS	72/302	Non-material difference
UNISFA	72/289	Non-material difference
UNMISS	72/300	Non-material difference
MINUSMA	72/297	Non-material difference
MINUSCA	72/290	Non-material difference
Support account	72/288	Non-material difference
UNLB – other activities	72/287	Non-material difference
RSCE	72/286	Non-material difference

93. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of cash flows (statement IV) is reflected in the table below.

Budget reconciliation for the year ended 30 June 2019

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amount on comparable basis (statement V)	(7 117 880)	–	–	(7 117 880)
Basis differences	(326 041)	(175 361)	–	(501 402)
Presentation differences	7 462 547	146 700	–	7 609 247
Actual amount in statement of cash flows (statement IV)	18 626	(28 661)	–	(10 035)

Budget reconciliation for the year ended 30 June 2018

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Financing</i>	<i>Total</i>
Actual amount on comparable basis (statement V)	(7 423 742)	–	–	(7 423 742)
Basis differences	(246 472)	(236 483)	–	(482 955)
Presentation differences	7 242 605	471 970	–	7 714 575
Actual amount in statement of cash flows (statement IV)	(427 609)	235 487	–	(192 122)

94. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results with the statement of cash flows, the modified cash elements, such as commitments against budget, must be eliminated. These commitments do not represent cash flows while they pertain to budgetary expenditures. Similarly, IPSAS-specific differences such as payments against prior year commitments and investing cash flows relating to acquisition of property, plant and equipment or intangible assets are included to reconcile the budgetary results to the statement of cash flows.

95. Entity differences represent cash flows of fund groups other than those of the peacekeeping operations that are reported in the financial statements. The financial statements include results for all fund groups.

96. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. As the budget reflects the reporting period, there are no timing differences.

97. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts. The latter does not include either income or the net changes in cash pool balances. Other presentation differences are amounts that are included in the statement of comparison of budget and actual amounts but that cannot be separated from the operating, investing and financing activities.

Note 6

Cash and cash equivalents

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Cash at bank and on hand	657	886
Cash pool cash and term deposits – original maturity of less than three months	78 062	87 868
Total cash and cash equivalents	78 719	88 754

Note 7

Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Assessed contributions	2 065 742	2 164 420
Allowance for doubtful receivables	(583 121)	(598 308)
Total assessed contributions receivable	1 482 621	1 566 112

Note 8**Receivables from non-exchange transactions: voluntary contributions**

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Voluntary contributions	12 508	5 338
Allowance for doubtful receivables	(5 286)	(5 338)
Total voluntary contributions receivable	7 222	–

Note 9**Other receivables**

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Member States	148 132	138 297
Receivables from United Nations-related party entities	18 346	17 805
Other exchange revenue receivables	12 694	11 415
Allowance for doubtful receivables	(134 894)	(133 304)
Total other receivables	44 278	34 213

Note 10**Inventories***Consumables and supplies*

98. Certain equipment under the capitalization threshold is treated as inventory for supply chain management. Such equipment is required to be removed from inventory for financial statements. In the prior year, during the change of systems of records from Galileo to Umoja, serialized equipment was specifically identified in the material master data and was competently removed from inventory. However, non-serialized equipment was not similarly identified at the time of system change, and was extracted from inventory based on convincing material groups. In the current year, non-serialized equipment was also identified in the material master data and the estimate made during the prior year was found to be less than it should be. The consumption of the prior year is restated by \$9.5 million more (from the previously reported \$117.5 million to \$127.0 million) and the adjustment related to earlier years is restated from the previously reported \$20.9 million to \$10.2 million.

Strategic reserves

99. In the past, inventory in strategic deployment stocks was reported in the financial statements inclusive of equipment under the capitalization threshold, with a view to disclosing the total level of stocks. However, to be consistent with consumables and supplies, equipment under the capitalization threshold, both serialized and non-serialized, is now eliminated from strategic reserves. This change resulted in an increase of \$7.3 million in consumption during the prior year (from the previously reported \$20.9 million to \$28.2 million) and a decrease of \$13.2 million related to earlier years.

Physical inventory reconciliation and optimization project

100. To improve the quality of inventory data migrated from Galileo to Umoja in the prior year, the physical inventory reconciliation and optimization project was launched in October 2018. Missions further reviewed and validated the converted data in three key areas: classification of materials, valuation and physical location. The pertinent adjustment was supposed to be entered using a special transaction identifier. However, only \$22.6 million (\$0.6 million in net increase in strategic reserves and \$23.2 million in net decrease in consumables and supplies) was recorded in such a way. Much larger clean-up activities were entered as regular receipt and issuance transactions, thereby inflating the amounts related to purchase and consumption during the current year. Notwithstanding the commingling of project adjustments with actual transactions, the ending balance of inventory as at 30 June 2019 is regarded as more valid and reliable.

Revised prior-year consumption of inventory and other operating expenses

101. In accordance with the changes regarding the removal of equipment under the capitalization threshold from inventory, the consumption of inventory during the prior year was reduced by \$16.8 million (\$9.5 million in consumables and supplies and \$7.3 million in strategic reserves, as noted in paras. 98 and 99, respectively), which led to additional recognition of expenses for the acquisition of goods under other operating expenses (see note 23).

Reversal of write-offs

102. Reversals of write-offs in the amount of \$1.4 million were recorded during 2018/19. The reversals were primarily the result of duplicate recordings of asset disposals, asset movements that were recorded under incorrect categories and scheduled donations that were inadvertently recorded as write-offs.

(Thousands of United States dollars)

	<i>Strategic reserves</i>	<i>Consumables and supplies</i>	<i>Total</i>
Opening inventory as at 1 July 2017	94 685	258 698	353 383
Adjustment	(13 242) ^a	10 169 ^b	(3 073)
Purchase	29 489	146 741	176 230
Consumption	(28 200) ^a	(127 033) ^b	(155 233)
Impairment and write-offs	(918)	(1 369)	(2 287)
Total inventory as at 30 June 2018	81 814^a	287 206^b	369 020
Purchase ^c	39 203	347 468	386 671
Consumption ^c	(41 476)	(371 065)	(412 541)
Impairment and write-offs	(1 030)	(8 960)	(9 990)
Total inventory as at 30 June 2019	78 511	254 649	333 160

^a Restated owing to the removal of equipment under the capitalization threshold (see para. 99).

^b Restated owing to the revision in the removal of non-serialized equipment (see para. 98).

^c Includes an unidentifiable amount in adjustments as a result of the physical inventory reconciliation and optimization project (see para. 100).

Note 11**Other assets**

103. Deferred charges include education grant prepayments for future school years. Advances to other United Nations agencies and other advances of the prior year have been regrouped by recipient type.

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Deferred charges	8 137	8 689
Advances to UNDP and other United Nations agencies	8 180	14 756
Advances to military and other personnel	1 036	899
Advances to staff	2 314	2 551
Advances to vendors	374	48
Advance transfers	6 531	6 619
Other	8	22
Total other assets	26 581	33 584

Note 12**Property, plant and equipment**

104. The net book value of property, plant and equipment as at 30 June 2019 was \$1,545.7 million (2017/18: \$1,587.5 million). The total cost of acquisitions during 2019 was \$209.9 million (2017/18: \$254.5 million).

105. During the year, the peacekeeping operations disposed of property, plant and equipment in the amount of \$18.8 million (2017/18: \$45.4 million), at net book value. Equipment was written down by \$6.6 million (2017/18: \$4.5 million), owing mainly to donations to host Governments of \$1.4 million (2017/18: \$2.5 million), malfunctions and accidents of \$1.2 million (2017/18: \$1.5 million) and losses and other reasons of \$4.0 million (2017/18: \$2.8 million). Buildings and infrastructure were written down by \$12.3 million (2017/18: \$40.8 million), of which \$12.1 million was attributable to donations to host Governments (2017/18: \$16.0 million) and \$0.2 million to losses and other reasons (2017/18: none).

106. During the year, no property, plant and equipment were reported as impaired (2017/18: \$1.9 million).

107. The peacekeeping operations had no significant heritage assets as at the reporting date (2017/18: none).

Property, plant and equipment: 2018/19

(Thousands of United States dollars)

	<i>Buildings</i>	<i>Infrastructure</i>	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Communications and information technology equipment</i>	<i>Vehicles</i>	<i>Machinery and equipment</i>	<i>Assets under construction</i>	<i>Total</i>
Cost as at 1 July 2018	1 011 539	642 330	422	3 399	377 151	833 798	431 190	69 000^a	3 368 829
Additions	30 088	–	–	181	36 782	27 943	37 805	77 120	209 919
Disposals	(14 581)	(12 923)	(879)	(200)	(29 162)	(31 535)	(13 723)	–	(103 003)
Completed assets under construction	65 073	55 571	879	–	–	–	–	(121 523)	–
Cost as at 30 June 2019	1 092 119	684 978	422	3 380	384 771	830 206	455 272	24 597	3 475 745
Accumulated depreciation and impairment as at 1 July 2018	(501 960)	(218 102)	(295)	(2 729)	(272 873)	(526 108)	(259 286)	–	(1 781 353)
Depreciation	(56 314)	(38 627)	(85)	(232)	(31 033)	(52 968)	(37 030)	–	(216 289)
Disposals	6 403	3 375	–	184	23 435	23 891	10 346	–	67 634
Impairment and write-offs in year	–	–	–	–	–	–	–	–	–
Accumulated depreciation and impairment as at 30 June 2019	(551 871)	(253 354)	(380)	(2 777)	(280 471)	(555 185)	(285 970)	–	(1 930 008)
Net carrying amount									
1 July 2018	509 579	424 228	127	670	104 278	307 690	171 904	69 000	1 587 476
Net carrying amount 30 June 2019	540 248	431 624	42	603	104 300	275 021	169 302	24 597	1 545 737

^a Net of the impairment and write-offs of the prior year.

Property, plant and equipment: 2017/18

(Thousands of United States dollars)

	<i>Buildings</i>	<i>Infrastructure</i>	<i>Leasehold improvements</i>	<i>Furniture and fixtures</i>	<i>Communications and information technology equipment</i>	<i>Vehicles</i>	<i>Machinery and equipment</i>	<i>Assets under construction</i>	<i>Total</i>
Cost as at 1 July 2017	986 413	602 603	422	4 526	374 309	841 709	426 065	60 080	3 296 127
Additions	47 999	–	–	30	22 099	41 563	23 778	119 005	254 474
Disposals	(49 922)	(18 472)	–	(1 157)	(19 257)	(49 474)	(18 653)	–	(156 935)
Completed assets under construction	27 049	58 199	–	–	–	–	–	(85 248)	–
Cost as at 30 June 2018	1 011 539	642 330	422	3 399	377 151	833 798	431 190	93 837	3 393 666
Accumulated depreciation and impairment as at 1 July 2017	(496 652)	(188 865)	(211)	(3 473)	(258 682)	(514 589)	(236 097)	–	(1 698 569)
Depreciation	(53 100)	(37 865)	(84)	(389)	(32 329)	(55 770)	(36 613)	–	(216 150)
Disposals	48 183	9 291	–	1 143	18 578	44 383	13 694	–	135 272
Impairment and write-offs in year	(391)	(663)	–	(10)	(440)	(132)	(270)	(24 837)	(26 743) ^a
Accumulated depreciation and impairment as at 30 June 2018	(501 960)	(218 102)	(295)	(2 729)	(272 873)	(526 108)	(259 286)	(24 837)	(1 806 190)
Net carrying amount									
1 July 2017	489 761	413 738	211	1 053	115 627	327 120	189 968	60 080	1 597 558
Net carrying amount 30 June 2018	509 579	424 228	127	670	104 278	307 690	171 904	69 000	1 587 476

^a \$24.8 million for the write-off of assets under construction in UNAMID has been adjusted to net assets.

Note 13
Intangible assets

(Thousands of United States dollars)

	<i>Software developed internally</i>	<i>Licence rights</i>	<i>Total</i>
Opening cost 1 July 2018	4 042	206	4 248
Additions	811	—	811
Total cost 30 June 2019	4 853	206	5 059
Opening accumulated amortization 1 July 2018	650	107	757
Amortization	496	52	548
Closing accumulated amortization 30 June 2019	1 146	159	1 305
Net book value 1 July 2018	3 392	99	3 491
Net book value 30 June 2019	3 707	47	3 754

108. The cost for software developed internally arises mainly from additions to the Field Support Suite modules. The current approved budget for the Umoja project up to 31 December 2019 was \$528.2 million. The share of the Umoja project chargeable to the peacekeeping operations was \$327.5 million. During the current financial period, the peacekeeping operations contributed \$28.9 million (2017/18: \$25.0 million) to Umoja-related expenditure, bringing the total contributions to \$317.9 million as at 30 June 2019. Umoja is reported as an intangible asset in the financial statements of the United Nations, Volume I, and the cost-sharing of peacekeeping operations is expensed in these financial statements.

Note 14
Accounts payable

(Thousands of United States dollars)

	<i>30 June 2019</i>	<i>30 June 2018</i>
Accruals for goods and services	523 681	579 728
Vendor payables	166 582	191 632
Payables to United Nations related party entities	6 865	14 779
Transfers payable	76	745
Other	13 304	11 831
Subtotal accounts payable and accrued liabilities	710 508	798 715
Member States accounts payable	1 337 587	1 409 487
Total accounts payable	2 048 095	2 208 202

Note 15
Advance receipts

109. Advance receipts relate to contributions received that will be applied to the subsequent years' assessment, as well as deferred income.

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Advance receipts from Member States	21 982	4 812
Deferred income	5 683	7 705
Total advance receipts	27 665	12 517

Note 16

Employee benefits liabilities

(Thousands of United States dollars)

	Current	Non-current	Total
30 June 2019			
After-service health insurance	10 847	1 668 566	1 679 413
Annual leave	4 397	92 507	96 904
Repatriation benefits	11 765	225 840	237 605
Subtotal defined-benefit liabilities	27 009	1 986 913	2 013 922
Accrued salaries and allowances	39 978	—	39 978
Appendix D/workers' compensation	2 017	36 663	38 680
Total employee benefits liabilities	69 004	2 023 576	2 092 580
30 June 2018			
After-service health insurance	9 222	1 357 956	1 367 178
Annual leave	3 749	83 727	87 476
Repatriation benefits	8 826	184 443	193 269
Subtotal defined-benefit liabilities	21 797	1 626 126	1 647 923
Accrued salaries and allowances	40 460	—	40 460
Appendix D/workers' compensation	1 986	39 815	41 801
Total employee benefits liabilities	64 243	1 665 941	1 730 184

110. The liabilities arising from post-employment benefits and the workers' compensation programme under appendix D to the Staff Rules are determined by independent actuaries. The actuarial valuation for after-service health insurance, annual leave and repatriation benefits is usually undertaken every two years and the most recent full actuarial valuation was conducted as at 31 December 2017. However, since there was a sizable decrease in the number of employees during the current year, an actuarial valuation was conducted as at 30 June 2019 using the updated census data as well as revised assumptions, including discount rates for all benefits as well as the expected rate of medical cost increases for after-service health insurance. All other assumptions were retained from the previous valuation as at 31 December 2017. Actuarial valuation for workers' compensation undertaken as at 31 December 2018 was carried forward to 30 June 2019.

Adjustment and actuarial assumptions

111. In respect of after-service health insurance, a weakness in the census data was identified during the audit of the current financial statements. The census data

provided to the actuary captured only the latest appointment for uninterrupted service in the United Nations system entities and not the previous accumulative qualifying periods of participation in the United Nations health plans. To urgently address the deficiency in additional qualifying periods, the Organization reviewed the initial entry date of active staff members in the United Nations Joint Pension Fund and recognized that the average of additional service periods was 1.65 years per staff member. The top-down adjustment with the additional qualifying period resulted in an increase of \$100 million, which is reflected in these financial statements. Going forward, the Organization will gather the actual periods of participation in the United Nations health plans, verified by both staff members and United Nations system entities, and use that updated census data for the next full actuarial valuation to be undertaken as at 31 December 2021.

112. The peacekeeping operations review and select assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for employee benefits. The principal actuarial assumptions are shown below.

Actuarial assumptions

(Percentage)

<i>Assumption</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
Discount rates (30 June 2019)	3.90	3.25	3.36
Discount rates (30 June 2018)	4.38	4.10	4.17
Expected rate of medical cost increase (30 June 2019)	3.84–5.50	–	–
Expected rate of medical cost increase (30 June 2018)	4.00–5.70	–	–
Travel costs inflation (30 June 2019)	–	2.20	–
Travel costs inflation (30 June 2018)	–	2.20	–

113. The updated yield curves of Aon Hewitt were used for discount rate assumptions.

114. As at 31 December 2017, the salary increase assumptions for staff in the Professional category were 8.5 per cent for the age of 23 and grading down to 4.0 per cent for the age of 70. The salaries of staff in the General Service category were assumed to increase by 6.8 per cent for the age of 19, grading down to 4.0 per cent at the age of 65. Those assumptions were retained for the valuation as at 30 June 2019.

115. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 30 June 2019 were updated to include escalation rates for future years.

Health-care cost trend assumptions

(Percentage)

	30 June 2019			30 June 2018		
	Initial	Final	Grade down	Initial	Final	Grade down
United States non-Medicare	5.50	3.85	14 years	5.70	3.85	15 years
United States Medicare	5.32	3.85	14 years	5.50	3.85	15 years
United States dental	4.70	3.85	14 years	4.80	3.85	15 years
Non-United States, Switzerland	3.84	3.05	9 years	4.00	3.05	10 years
Non-United States, Eurozone	3.87	3.65	4 years	4.00	3.65	5 years

116. With regard to the valuation of repatriation benefits as at 30 June 2019, the inflation in travel costs that was assumed to be 2.20 per cent as at 31 December 2017, on the basis of the projected United States inflation rates over the next 20 years, was retained.

117. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1–3 years – 10.9 per cent; 4–8 years – 1.0 per cent; and more than 8 years – 0.5 per cent, up to the maximum 60 days. This assumption was maintained for the valuation as at 30 June 2019.

118. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Movement in employee benefits liabilities accounted for as defined-benefits plans

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Net defined-benefit liability at 1 July	1 647 923	1 756 938
Current service cost	113 860	124 113
Interest cost	72 041	65 465
Benefits paid	(45 642)	(46 484)
Total net costs recognized in the statement of financial performance	140 259	143 094
Adjustment and actuarial (gain)/losses recognized directly in the statement of changes in net assets ^a	225 740	(252 109)
Net defined-benefit liability at 30 June	2 013 922	1 647 923

^a Cumulative amount of actuarial gains and losses recognized in the statement of changes in net assets is a net loss of \$101.8 million (2017/18: net gain of \$123.9 million).

Discount rate sensitivity analysis

119. Should the discount rate assumption vary by 0.5 per cent, its impact on the obligations would be as shown below.

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>
30 June 2019			
Increase of discount rate by 0.5 per cent	(177 762)	(9 631)	(4 413)
As a percentage of end-of-year liability	(11)	(4)	(5)
Decrease of discount rate by 0.5 per cent	207 390	10 311	4 762
As a percentage of end-of-year liability	13	4	5
30 June 2018			
Increase of discount rate by 0.5 per cent	(142 668)	(7 751)	(4 120)
As a percentage of end-of-year liability	(10)	(4)	(5)
Decrease of discount rate by 0.5 per cent	193 003	8 893	4 430
As a percentage of end-of-year liability	14	5	5

Medical cost sensitivity analysis

120. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. Should the medical cost trend assumption vary by 0.5 per cent, this would have an impact on the measurement of the defined-benefit obligations as shown below.

(Thousands of United States dollars)

	<i>30 June 2019</i>		<i>30 June 2018</i>	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
0.5 per cent movement in the assumed medical cost trend rates				
Effect on the after-service health insurance defined-benefit liabilities	158 084	(181 544)	178 833	(134 379)
Effect on the aggregate of the current service cost and interest cost	15 979	(18 003)	18 588	(13 561)

Other defined-benefit plan information

121. The benefits paid are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave.

Benefits paid, net of participant contributions

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Annual leave</i>	<i>Total</i>
30 June 2019	20 310	18 039	7 293	45 642
30 June 2018	19 036	19 188	8 260	46 484

Historical information: total after-service health insurance, annual leave and repatriation defined-benefits liability, as at 30 June

(Thousands of United States dollars)

	2018	2017	2016	2015	2014
Present value of defined-benefit obligations	1 647 923	1 756 938	1 663 547	1 507 334	1 346 846

Accrued salaries and allowances

122. Other accrued salaries liabilities as at the reporting date include accruals for home leave of \$24.8 million (2017/18: \$24.1 million), repatriation and resettlement allowances of \$5.4 million (2017/18: \$6.5 million), family visits of \$1.2 million (2017/18: \$0.5 million), compensatory time off of \$1.7 million (2017/18: \$1.9 million) and other accrued salaries and other benefits of \$6.9 million (2017/18: \$7.5 million).

Fund for peacekeeping compensation payments: appendix D/workers' compensation

123. The fund for compensation payments relates to death, injury or illness attributable to the performance of official duties. The rules governing the compensation payments are under appendix D to the Staff Rules. The fund derives its revenue from a charge of 0.5 per cent of net base salary, including post adjustment, which is recorded as employee expenses against the budgets of the peacekeeping missions. The fund covers appendix D claims submitted by peacekeeping personnel, covering monthly death and disability benefits and lump-sum payments for injury or illness as well as medical expenses.

124. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are increased for cost-of-living allowance, decreased for mortality and then discounted to present value. Obligations as at 30 June 2019, estimated at \$38.7 million, are based on a roll forward of the 31 December 2018 valuation. The cost-of-living adjustment is the same as that used in the 31 December 2017 valuation of the United Nations Joint Staff Pension Fund, which was 2.20 per cent. Mortality assumptions are based on World Health Organization statistical tables. Like defined-benefit liabilities, Aon Hewitt yield curves are used in determining discount rates.

125. The sensitivity analysis looks at the change in liability resulting from changes in the cost-of-living adjustment and in the discount rates. A change of 1 per cent would have an impact on the measurement of the appendix D obligation as shown below.

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Increase of cost-of-living adjustment by 1 per cent	5 585	6 414
As a percentage of end-of-year liability	14	15
Decrease of cost-of-living adjustment by 1 per cent	(4 500)	(5 136)
As a percentage of end-of-year liability	(12)	(12)
Increase of discount rate by 1 per cent	(4 565)	(4 858)
As a percentage of end-of-year liability	(12)	(12)
Decrease of discount rate by 1 per cent	5 727	6 147
As a percentage of end-of-year liability	15	15

United Nations Joint Staff Pension Fund

126. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

127. The financial obligation of the United Nations peacekeeping operations to the Pension Fund consists of the mandated contribution, at the rate established by the General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to remedying this deficiency with an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

128. During 2017, the Pension Fund identified anomalies in the census data utilized in the actuarial valuation performed as at 31 December 2015. As a result, as an exception to the normal biennial cycle, a roll forward of the participation data as at 31 December 2013 to 31 December 2016 was used by the Pension Fund for its 2016 financial statements.

129. The actuarial valuation performed as at 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2 per cent (150.1 per cent in the 2016 roll forward). The funded ratio was 102.7 per cent (101.4 per cent in the 2016 roll forward) when the current system of pension adjustments was taken into account.

130. The actuarial valuation of 2017 revealed an actuarial deficit of 0.05 per cent (2013: deficit of 0.72 per cent) of pensionable remuneration. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2017, for deficiency payments under article 26 of the Regulations of the Pension Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the Fund. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

131. The Board of Auditors carries out an annual audit of the United Nations Joint Staff Pension Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Pension Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Termination benefits

132. The United Nations peacekeeping operations had no liabilities for termination benefits as at the reporting date (2017/18: none).

Note 17
Provisions

133. The peacekeeping missions are subject to a variety of claims that arise in the course of their operations. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, several commercial claims for non-performance or breach of contract and non-consensual use of premises were pending against several peacekeeping operations in various locations. As at 30 June 2019, the amount to settle these cases was estimated at \$10.4 million (2017/18: \$9.8 million), including \$8.7 million (2017/18: \$5.8 million) carried over from the prior year. A provision of \$1.2 million (2017/18: \$1.7 million) was established for administrative cases brought by current or former employees. The timing of the outflows for these commercial claims and administrative cases is estimated to be within one year.

134. The restoration provisions of \$11.3 million (2017/18: \$4.5 million) to return premises to their original shape and condition upon vacation of the premises includes new provisions of \$7.0 million for UNSOS and MINUSCA. The timing of the outflows for restoration provisions cannot be reasonably estimated. The restructuring provision comprises the estimated staff separation costs for the downsizing of MONUSCO and UNAMID, in the amount of \$15.4 million and \$4.8 million, respectively, and will be disposed of in the next year.

135. Provisions have been made in the amount of \$183.8 million (2017/18: \$200.5 million) for credits to Member States, and provisions of \$6.8 million were retained for the closed missions of UNMIL and UNOCI. These provisions totalled \$190.6 million (2017/18: \$200.5 million). The credits to Member States for active missions comprise uncommitted appropriations of \$40.6 million (2017/18: \$72.7 million), investment revenue of \$36.5 million (2017/18: \$30.0 million), other revenue and prior-period adjustment of \$5.5 million (2017/18: \$10.8 million) and cancellation of prior-period commitments amounting to \$101.2 million (2017/18: \$87.0 million). The disposal of these provisions for credits to Member States will be decided by the General Assembly in the next fiscal year.

(Thousands of United States dollars)

	<i>Credits to Member States</i>	<i>Litigation and claims</i>	<i>Restoration</i>	<i>Restructuring</i>	<i>Total</i>
Provisions as at 1 July 2017	306 786	19 221	4 756	–	330 763
Additional provisions made	200 460	5 643	660	–	206 763
Unused amounts reversed	(12 948)	(11 957)	(753)	–	(25 658)
Amounts used	(293 838)	(1 373)	(122)	–	(295 333)
Provisions as at 30 June 2018	200 460	11 534	4 541	–	216 535
Additional provisions made	183 867	2 132	7 086	20 255	213 340
Unused amounts reversed	(3 579)	(1 846)	(325)	–	(5 750)
Amounts used	(190 114)	(256)	(10)	–	(190 380)
Provisions as at 30 June 2019	190 634	11 564	11 292	20 255	233 745

Note 18
Other liabilities

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Borrowings ^a	47 376	47 376
Other liabilities	11 850	11 917
Total other liabilities	59 226	59 293

^a See note 25 regarding payables to the United Nations General Fund.

Note 19
Accumulated surpluses/deficits

136. The unrestricted accumulated surplus includes the accumulated deficit for liabilities for after-service health insurance, repatriation benefits and annual leave. It also includes the cumulative surplus of strategic deployment stocks, which is carried over to the next financial year for the replenishment of stocks, and the cumulative surplus in the peacekeeping cost recovery fund, which is carried over for spending.

Accumulated surplus: restricted

137. On a number of occasions, the General Assembly has authorized UNDOF and UNIFIL to retain surpluses that otherwise would have been returned to Member States. Accumulated surpluses of \$36.0 million and \$19.6 million in UNDOF and UNIFIL, respectively, are presented as restricted in the statement of financial position and the statement of changes in net assets. Those amounts correspond to the unpaid assessed contributions that were put on hold by the Assembly in its resolution [36/116 A](#).

138. In its resolution [57/323](#), the General Assembly decided to suspend the return of accumulated surpluses for UNSMIH, UNTMIH, MIPONUH, MINURCA, MINUGUA, UNOSOM and UNTAC in the light of the cash shortages in those missions. The accumulated surpluses of those missions are presented as restricted in the statement of financial position and the statement of changes in net assets.

Note 20
Reserves

Peacekeeping Reserve Fund

139. The Peacekeeping Reserve Fund was established as a cash flow mechanism to support the rapid response of peacekeeping operations to meet expenses and capital requirements for the start-up or expansion of peacekeeping operations. During the current financial period, the Peacekeeping Reserve Fund has not provided any new loans (2017/18: none).

140. As at the reporting date, outstanding advances in an amount of \$12.8 million were due from MINURCA (2017/18: \$12.8 million), which have been outstanding since February 2000 owing to insufficient cash resources in the mission.

141. As at the reporting date, the Peacekeeping Reserve Fund had reserves of \$150.0 million (2017/18: \$150.0 million) and a cumulative surplus of \$5.8 million (2017/18: \$2.9 million), representing investment revenue of \$3.8 million for the period ended 30 June 2019 and \$2.0 million for the period ended 30 June 2018. The latter amount will be applied to meet the requirements of the support account for

peacekeeping operations for 2019/20. The cumulative surplus of \$3.8 million related to the period ended 30 June 2019 is available for future utilization as directed by the General Assembly.

Note 21

Revenue from non-exchange transactions and other revenues

Assessed contributions

142. Assessed contributions of \$6,998.4 million (2017/18: \$7,285.7 million) have been recorded in accordance with the Financial Regulations and Rules, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the peacekeeping scale of assessment.

Voluntary contributions

143. Revenue from in-kind contributions represents confirmed contributions of goods, landing rights fees, airport fees, vehicle registration fees and permission to use facilities and premises. On the basis of fair rental value, a total of \$308.7 million (2017/18: \$307.7 million) representing facilities and premises was provided during the reporting period. Landing fees and other fees at airports totalling \$20.5 million (2017/18: \$22.4 million) and vehicle registration fees of \$1.7 million (2017/18: \$1.9 million) were waived. A variety of goods were provided and fees waived amounting to \$0.4 million (2017/18: \$5.7 million, which included \$5.2 million in equipment contributed by a Member State to UNMISS), bringing total in-kind contributions to \$331.3 million (2017/18: \$337.7 million).

(Thousands of United States dollars)

	2018/19	2017/18
Voluntary monetary contributions (Member States)	24 388	24 844
Voluntary in-kind contributions (Member States)	331 303	337 696
Total voluntary contributions	355 691	362 540

144. In-kind contributions of services are not recognized and are therefore not included in the in-kind contributions revenue above. These comprise various fees for services that are usually charged. Such waived fees included airport passenger taxes of \$5.1 million (2017/18: \$0.6 million), radio frequency fees of \$2.8 million (2017/18: \$2.9 million) and other services amounting to \$0.2 million (2017/18: none).

Other transfers and allocations

145. The other transfers and allocations of \$0.6 million (2017/18: \$0.7 million) represent the allocation from special political missions to RSCE.

Other revenue from exchange transactions

146. The majority of other revenue was generated from the cost recovery fund (see note 25, para. 206). The cost recovery revenue of \$52.9 million comprises \$34.9 million (2017/18: \$28.4 million) for fuel, facilities and logistical support provided to other United Nations agencies, Member States, non-governmental organizations and international agencies, and \$18.0 million (2017/18: \$19.8 million) to vendors and other external entities. Including the revenue of \$23.5 million (2017/18: \$30.9 million) for the services provided between peacekeeping missions

and, accordingly, eliminated in the consolidated financial statements, the total revenue of the cost recovery fund was \$76.4 million (2017/18: \$79.1 million).

(Thousands of United States dollars)

	2018/19	2017/18
Revenue generated from the cost recovery fund	52 899	48 204
Revenue from sale of equipment and inventory	1 815	6 866
Net foreign exchange gains	1 513	342
Other miscellaneous revenue	1 935	1 632
Total other revenue	58 162	57 044

Note 22

Financial instruments and the cash pool

Cash pool

147. In addition to directly held cash and cash equivalents, the peacekeeping operations participate in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in financial instruments. Pooling of funds has a positive effect on overall investment performance and risk, because of economies of scale and by virtue of the ability to spread yield curve exposures across a range of maturities. The allocation of main pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance. The financial instruments of the main pool are held for trading purposes and are therefore carried at fair value through surplus and deficit. There is no financial instrument held for other purposes or designated upon initial recognition as at fair value through surplus or deficit.

148. As at 30 June 2019, the main pool held total assets of \$8,053.6 million (2017/18: \$7,132.5 million), of which \$1,307.6 million (2017/18: \$1,414.4 million) pertained to the peacekeeping operations. Their share of net income from the main pool was \$48.9 million (2017/18: \$37.5 million).

Financial instruments

(Thousands of United States dollars)

	Note	30 June 2019	30 June 2018
Financial assets			
Fair value through surplus or deficit			
Short-term investments – share of main pool ^a		1 116 666	1 070 110
Long-term investments – share of main pool ^b		112 855	256 407
Total assets at fair value through surplus or deficit		1 229 521	1 326 517
Loans and receivables			
Cash and cash equivalents – share of main pool	6	78 062	87 868
Cash and cash equivalents – other	6	657	886
Subtotal cash and cash equivalents		78 719	88 754

	Note	30 June 2019	30 June 2018
Assessed contributions	7	1 482 621	1 566 112
Voluntary contributions	8	7 222	—
Other receivables	9	44 278	34 213
Other assets (excludes deferred charges)	11	18 444	24 895
Total loans and receivables		1 631 284	1 713 974
Total carrying amount of financial assets		2 860 805	3 040 491
Total financial assets relating to assets held in the main pool		1 307 583	1 414 385
Financial liabilities at amortized cost			
Accounts payable – Member States	14	1 337 587	1 409 487
Accounts payable – other	14	710 508	798 715
Other liabilities (excludes borrowings)	18	11 850	11 917
Total liabilities at amortized cost		2 059 945	2 220 119
Summary of net income from financial assets			
Net main cash pool income		48 940	37 539
Other investment revenue		764	781
Total investment revenue		49 704	38 320

^a Carrying amount: \$1,117,015 at 30 June 2019, \$1,070,639 at 30 June 2018.

^b Carrying amount: \$113,633 at 30 June 2019, \$262,619 at 30 June 2018.

Revenue from financial instruments

(Thousands of United States dollars)

	2018/19	2017/18
Financial instruments carried at fair value		
Investment revenue – share of main pool	43 322	38 878
Unrealized gains/(losses) – share of main pool	5 618	(1 339)
Revenue from financial assets carried at fair value	48 940	37 539
Financial instruments not carried at fair value		
Realized/unrealized gains/(losses)	—	—
Total revenue from financial instruments	48 940	37 539

Financial risk management: overview

149. The peacekeeping operations have exposure to the following financial risks:

- (a) Credit risk;
- (b) Liquidity risk;
- (c) Market risk.

150. The present note provides information on the exposure of the peacekeeping operations to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Financial risk management: risk management framework

151. The risk management practices of the peacekeeping operations are in accordance with the Financial Regulations and Rules and the United Nations Investment Management Guidelines. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

152. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

153. An Investment Committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates to them. Other than those disclosed, the peacekeeping operations have not identified any further risk concentrations arising from financial instruments.

154. The peacekeeping operations define the capital that they manage as the aggregate of their net assets, which comprises accumulated fund balances and reserves. The objectives are to safeguard the ability of the operations to continue as a going concern and to fulfil the mandates of the peacekeeping missions. The peacekeeping operations manage their capital in the light of global economic conditions, the risk characteristics of the underlying assets and their current and future working capital requirements.

Financial risk management: credit risk

155. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments, deposits and forward currency contracts with financial institutions, as well as credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

Credit risk: management

156. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main pool does not invest in derivative instruments such as asset-backed or mortgage-backed securities or in equity products.

157. The investment management function is centralized at United Nations Headquarters, and under normal circumstances missions are not permitted to engage in investing.

Credit risk: contributions receivable and other receivables

158. A large portion of contributions receivable is due from Member States and other United Nations entities that do not have significant credit risk. As at the reporting date, the peacekeeping operations did not hold any collateral as security for receivables (2017/18: none).

Credit risk: allowance for doubtful receivables

159. The peacekeeping operations evaluate the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the peacekeeping operation will not collect the full amount due. Balances credited to

the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received. The movement in the allowances account during the year is shown below.

(Thousands of United States dollars)

	2018/19	2017/18
Allowance for doubtful receivables as at 1 July	736 945	725 593
Amounts written off	(150)	(3 725)
Adjustments during the year	(13 494)	(15 077)
Allowance for doubtful receivables as at 30 June	723 301	736 945

160. On the basis of their monitoring of credit risk, the peacekeeping operations believe that, except as indicated, no impairment allowance is necessary in respect of receivables.

Credit risk: assessed contributions

161. The ageing and associated allowance of assessed contributions receivable are shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	2018/19		2017/18	
	<i>Gross receivable</i>	<i>Allowance</i>	<i>Gross receivable</i>	<i>Allowance</i>
Less than one year	1 101 833	—	1 185 568	—
One to two years	140 877	—	174 209	—
More than two years	823 032	583 121	804 643	598 308
Total	2 065 742	583 121	2 164 420	598 308

Credit risk: voluntary contributions and other receivables

162. The ageing and associated allowance of receivables other than assessed contributions are shown below.

Ageing of voluntary contributions and other receivables

(Thousands of United States dollars)

	2018/19		2017/18	
	<i>Gross receivable</i>	<i>Allowance</i>	<i>Gross receivable</i>	<i>Allowance</i>
Neither past due nor impaired	3 422	—	7 237	—
Less than one year	40 624	—	22 598	—
One to two years	8 272	2 068	5 069	1 268
Two to three years	3 125	1 875	1 441	864
More than three years	136 237	136 237	136 510	136 510
Total	191 680	140 180	172 855	138 642

Credit risk: cash and cash equivalents

163. The peacekeeping operations had cash and cash equivalents of \$78.7 million (2017/18: \$88.8 million) at the reporting date, which is the maximum credit exposure on these assets.

Credit risk: cash pool investments

164. The Investment Management Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. For the current and prior years, these requirements were met at the time the investments were made. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor's Financial Services, Moody's Investors Service and Fitch Ratings are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits.

Investments of the main pool by credit ratings as at year-end

<i>Investment</i>	<i>Ratings as at 30 June 2019</i>	<i>Ratings as at 30 June 2018</i>
Bonds (long-term ratings)	S&P: 93.4% AA+/AA/AA- and 6.6% A+; Fitch: 67.2% AAA, 32.8% AA; Moody's: 54.1% Aaa and 45.9% Aa1/Aa2	S&P: 15.4% AAA, 79.0% AA+/AA/AA- and 5.6% A+; Fitch: 55.1% AAA, 39.3% AA/AA- and 5.6% not rated by Fitch; Moody's: 49.6% Aaa and 50.4% Aa1/Aa2/Aa3
Commercial papers (short-term ratings)	None	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100% P-1
Reverse repurchase agreements (short-term ratings)	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100.0% P-1	S&P: 100.0% A-1+; Fitch: 100.0% F1+; Moody's: 100.0% P-1
Term deposits (Fitch viability ratings)	Fitch: 52.3% aa/aa- and 47.7% a+/a/a-	Fitch: 55.1% aa/aa- and 44.9% a+/a/a-
Certificates of deposit (short-term ratings)	S&P: 100% A+; Fitch: 100% AA-; Moody's: 100% Aa2	None

165. The United Nations Treasury actively monitors credit ratings and, given that it has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Financial risk management: liquidity risk

166. Liquidity risk is the risk that the peacekeeping operations may not have adequate funds to meet their obligations as they fall due. The approach to managing liquidity is to ensure that an operation will always have sufficient liquidity to meet its liabilities

when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the peacekeeping operations.

167. The Financial Regulations and Rules require that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to assessed contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

168. The peacekeeping operations perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure there is sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The peacekeeping operations maintain a large portion of their investments in cash equivalents and short-term investments sufficient to cover their commitments as and when they fall due.

169. The periodic cash shortage in MINURSO and UNMIK persisted in 2018/19 and the two missions had to borrow from closed missions during the year. The loans payable as at 30 June 2019 for MINURSO and UNMIK were \$15.0 million and \$28.8 million, respectively (2017/18: \$11.0 million and \$24.1 million). In addition, MINUJUSTH and RSCE had to borrow \$5.0 million and \$1.0 million, respectively, from closed missions in June 2019, bringing the total outstanding cross-borrowings as at 30 June 2019 to \$49.8 million (2017/18: \$35.1 million). The liquidity situations of UNFICYP and MONUSCO also worsened at the end of June 2019, and they borrowed from closed missions in July 2019 (\$2.0 million and \$40.0 million, respectively).

170. At the beginning of 2019, the Secretary-General, in his report on improving the financial situation of the United Nations ([A/73/809](#)), discussed the deteriorating state of liquidity in the peacekeeping and regular budgets. While the liquidity problem is driven by the delay in the payments of assessed contributions by the Member States, the ability to respond adequately to the liquidity challenges is hampered by restrictions put in place by Member States. The Secretary-General presented a set of proposals for removing these restrictions and building more resilience in cash management, two of which were endorsed by the General Assembly: the removal of the restriction on the cross-borrowing of cash for active missions; and an assessment for the full budget period, including the non-mandated period.

Liquidity risk: cash pool investments

171. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within one day's notice to support operational requirements. Main pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

172. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. At the reporting date, the peacekeeping operations had not pledged any collateral for any liabilities or contingent liabilities (2017/18: none), and during the year no accounts payable or other liabilities were forgiven by third parties (2017/18: none). Maturities for financial liabilities based on the earliest date at which the peacekeeping operations can be required to settle each financial liability are shown below.

Maturities for financial liabilities, undiscounted

(Thousands of United States dollars)

	<3 months	3 to 12 months	>1 year	Total
As at 30 June 2019				
Accounts payable and accrued payables	2 048 095	–	–	2 048 095
Other liabilities	11 850	–	–	11 850
Total as at 30 June 2019	2 059 945	–	–	2 059 945
As at 30 June 2018				
Accounts payable and accrued payables	2 208 202	–	–	2 208 202
Other liabilities	11 917	–	–	11 917
Total as at 30 June 2018	2 220 119	–	–	2 220 119

Financial risk management: market risk

173. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the revenue of the peacekeeping operations or the value of their financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the fiscal position.

Market risk: currency risk

174. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The peacekeeping operations have transactions, assets and liabilities in currencies other than in their functional currency and are exposed to currency risk arising from fluctuations in currency exchange rates.

175. Non-United States dollar holdings have the primary objective of supporting local operating activities in mission countries. The peacekeeping operations maintain a minimum level of assets in local currencies and, whenever possible, maintain bank accounts in United States dollars. Some cash is held in currencies that are either legally restricted or not readily convertible to United States dollars and used exclusively for local expenses in the respective countries.

176. The peacekeeping operations mitigate currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes. Given that the main pool is predominantly denominated in United States dollars, it has low currency risk and, in conjunction with the low risk of other financial instruments, the peacekeeping operations consider currency risk to be low (2016/17: currency risk considered to be low).

Market risk: interest rate risk

177. Interest rate risk is the risk of variability in fair values or future cash flows of financial instruments owing to changes in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, expressed in years. The longer the duration, the greater the interest rate risk.

178. Fixed-rate cash, cash equivalents and investments are the interest-bearing financial instruments of the peacekeeping operations. The main pool comprises their main exposure to interest rate risk. As at the reporting date, the main pool was invested

primarily in securities with shorter terms to maturity, with the maximum being less than 4 years (2016/17: less than 5 years). The average duration of the main pool was 0.48 years (2016/17: 0.70 years), which is considered to be an indicator of low risk.

Market risk: cash pool interest rate risk sensitivity analysis

179. The cash pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. As these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease of the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	-150	-100	-50	0	50	100	150	200
Increase/(decrease) in fair value									
Main pool total: 30 June 2019	75.7	56.8	37.8	18.9	–	(18.9)	(37.8)	(56.7)	(75.7)
Main pool total: 30 June 2018	66.4	49.8	33.2	16.6	–	(16.6)	(33.2)	(49.7)	(66.3)

Market risk: other

180. The main pool is not exposed to significant other market price risk, as it does not sell short or borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

181. All investments are reported at fair value through surplus and deficit. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Fair value hierarchy

182. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- (c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

183. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the main pool is the current bid price.

184. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques which maximize the use of observable market data. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.

185. The following fair-value hierarchy presents the main pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets or any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy

(Thousands of United States dollars)

	30 June 2019			30 June 2018		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Main pool financial assets at fair value through surplus or deficit						
Bonds – corporate	–	–	–	205 132	–	205 132
Bonds – non-United States agencies	697 351	–	697 351	786 785	–	786 785
Bonds – non-United States sovereigns	–	–	–	–	–	–
Bonds – supranationals	–	–	–	173 502	–	173 502
Bonds – United States Treasury	820 364	–	820 364	605 729	–	605 729
Discounted instruments	–	–	–	274 073	–	274 073
Term deposits/certificates of deposit	–	5 990 119	5 990 119	–	4 620 000	4 620 000
Total	1 517 715	5 990 119	7 507 834	2 045 221	4 620 000	6 665 221

Note 23

Expenses

Employee salaries, allowances and benefits

186. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances.

(Thousands of United States dollars)

	2018/19	2017/18
Salary, wages and other entitlements	1 478 316	1 512 932
Pension and insurance benefits	377 268	380 310
Repatriation benefits	26 742	22 231
Leave benefits	14 266	19 917
Total employee salaries, allowances and benefits	1 896 592	1 935 390

Contingent contracted services

187. Expenses for contingent contracted services comprise reimbursements to troop and formed police unit contributing countries for personnel, equipment and self-sustainment services. The reimbursements are made at predetermined standard rates based on person/month and the generic types of equipment.

(Thousands of United States dollars)

	2018/19	2017/18
Contingent troop and police costs	1 502 159	1 530 960
Contingent-owned equipment and self-sustainment	973 914	994 963
Contingent emplacement and rotation	123 233	121 415
Contingent operations	25 250	25 938 ^a
Total contingent contracted services	2 624 556	2 673 276

^a Reclassified from the category of other operating expenses in order to conform to the current presentation.

Non-employee compensation and allowances

188. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and benefits, military observers and United Nations police mission subsistence and other compensation and allowances and consultant and contractors' fees.

(Thousands of United States dollars)

	2018/19	2017/18
United Nations Volunteers	78 944	68 289
Military observers	66 203	57 949
United Nations police	141 299	158 161
Consultants and other contractors	64 810	79 281
Other	13 335	12 608
Total non-employee compensation and allowances	364 591	376 288

Grants and other transfers

189. Grants and other transfers include outright grants to implementing agencies, partners and other entities for quick-impact projects. The allocation to direct support costs represents contributions to the Umoja-related expense, the administration of internal justice expense and the implementation of the global service delivery model.

(Thousands of United States dollars)

	2018/19	2017/18
Quick-impact projects	9 975	12 776
Transfers to implementing partners	37 633	9 182
Allocation to direct support costs	32 085	28 577
Total grants and other transfers	79 693	50 535

Supplies and consumables

190. Supplies and consumables include acquisition of fuel, rations, office supplies, spare parts, medical supplies and general maintenance supplies.

(Thousands of United States dollars)

	2018/19	2017/18
Fuel and lubricants	368 222	370 273
Rations	333 385	351 689
Spare parts and consumables	110 097 ^a	40 162
Write-off of inventory	9 990	1 797
Total supplies and consumables	821 694	763 921

^a Includes net adjustment as a result of the physical inventory reconciliation and optimization project, which is not identifiable (see para. 100).

Travel

191. Travel expenses relate to travelling costs such as transportation, allowances and other related costs for staff, consultants and non-staff.

(Thousands of United States dollars)

	2018/19	2017/18
Staff travel	33 717	34 426
Representative travel	664	417
Total travel	34 381	34 843

Self-insurance claims and expenses

192. Self-insurance claims and expenses in the amount of \$2.3 million (2017/18: \$2.2 million) relate to appendix D payments.

Other operating expenses

193. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for doubtful receivables and expenses related to mine action.

(Thousands of United States dollars)

	2018/19	2017/18
Air transport	492 533	534 395
Ground transport	4 213	649
Communications and information technology	183 316	188 205
Facilities	75 744	72 352
Mine action services	158 714	167 345
Other contracted services	162 894	187 047 ^a
Acquisitions of goods	73 363	90 167 ^b
Acquisitions of intangible items	12 858	11 375

	2018/19	2017/18
Rent – offices, premises and equipment	40 816	46 507
Maintenance and repair	40 238	47 146
Other	30 433	52 742
Total other operating expenses	1 275 122	1 397 930

^a To conform to the current presentation, naval transport of \$26.3 million was reclassified under other contracted services (\$0.4 million) and under contingent contracted services (\$25.9 million).

^b Adjusted by \$16.8 million owing to the revision in the removal of equipment under the capitalization threshold from inventory (see note 10).

Other expenses

194. Other expenses include contributions in kind, hospitality and official functions, and ex gratia and compensation claims.

(Thousands of United States dollars)

	2018/19	2017/18
Contributions in kind	330 928	332 044
Ex gratia and compensation claims	668	116
Other	94	195
Total other expenses	331 690	332 355

Note 24

Credits to Member States

(Thousands of United States dollars)

	2018/19	2017/18
Provisions made for the current year	183 867	200 460
Prior-year provisions unused and reversed	(3 579)	(12 947)
Prior-year provisions applied to assessments for commitment authorities	(94 975)	–
Total	85 313	187 513

Note 25

Related parties

Key management personnel

195. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the peacekeeping operations. The key management personnel group for peacekeeping operations comprises the Secretary-General, the Deputy Secretary-General and selected officials at the Under-Secretary-General, Assistant Secretary-General and Director levels within the Department of Peace Operations, the Department of Operational Support and the Department of Management Strategy, Policy and Compliance. These persons have the relevant authority and responsibility for planning, directing and controlling the activities of the peacekeeping operations.

196. The aggregate remuneration paid to 11 (full-time equivalent) key management personnel (2017/18: 11) includes gross salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

(Thousands of United States dollars)

	2018/19	2017/18
Key management personnel		
Salary and post adjustment	3 257	3 368
Other monetary entitlements	802	922
Non-monetary benefits	1 200	1 200
Total key management personnel remuneration	5 259	5 490

197. A residence, with an annual rental fair value equivalent of \$1.2 million (2017/18: \$1.2 million), is provided to the Secretary-General free of charge. Advances made to key management personnel are those made against entitlements in accordance with the Staff Rules and Staff Regulations; such advances against entitlements are widely available to all staff.

Trust fund activities related to peacekeeping operations

198. The following peacekeeping-related funds, which augment the activities of the peacekeeping operations, are structured as trust funds and, accordingly, appear in the financial statements of the United Nations. The reserves and fund balances of these related trust funds as at the year end are shown below.

Activities related to peacekeeping operations funded by trust funds: reserves and fund balances

(Thousands of United States dollars)

	2018/19	2017/18
Trust fund in support of the delimitation and demarcation of the Ethiopia/Eritrea border	1 514	1 478
Trust fund for Somalia – unified command	418	408
Trust fund in support of the implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	8	8
Trust fund for the police assistance programme in Bosnia and Herzegovina	330	322
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 234	2 359
Trust fund in support of the Department of Peace Operations	96 017	102 240
Trust fund to support the peace process in the Democratic Republic of the Congo	2 306	2 402
Trust fund to support the United Nations Interim Administration in Kosovo	1 124	1 097
Trust fund to support the Ituri Pacification Commission	7	7
Trust fund in support of the peace process in the Sudan	463	719
Trust fund for the African Union-United Nations joint mediation support team for Darfur	6 326	6 821

	2018/19	2017/18
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 794	1 751
Trust fund to support lasting peace in Darfur	399	388
Trust fund in support of the African Union Mission in Somalia	18 798	14 480
Trust fund in support of the African-led International Support Mission in Mali	760	607
Trust fund in support of peace and security in Mali	46 807	42 693
Trust fund for the United Nations Operation in Côte d'Ivoire	173	168
Trust fund in support of peace and security in Libya	–	46
Trust fund in support of the political transition in Haiti	413	636
Trust fund in support of the elimination of Syrian chemical weapons	312	446
Trust fund in support of the African-led International Support Mission in the Central African Republic	209	202
Total	180 411	179 278

Peacekeeping-related operations funded by the regular budget

199. Shown below are peacekeeping-related operations that are funded by the regular budget and appear in the financial statements of the United Nations.

Peacekeeping-related operations funded by the regular budget

(Thousands of United States dollars)

	Appropriation ^a	Expenditure on a budget basis	Unencumbered balance
Year ended 30 June 2019			
Department of Peace Operations			
Executive direction and management	1 307	1 156	151
Programme of work	8 744	6 794	1 950
Programme support	697	189	508
Department of Operational Support			
Executive direction and management	1 043	1 074	(31)
Programme of work	3 138	3 373	(235)
Peacekeeping missions funded by the regular budget			
UNTSO	71 277	51 570	19 707
UNMOGIP	19 919	13 975	5 944
Total	106 125	78 131	27 994

Year ended 30 June 2018

Department of Peacekeeping Operations

Executive direction and management	1 278	399	879
Programme of work	8 521	2 130	6 391
Programme support	697	83	614

Department of Field Support

Executive direction and management	2 096	522	1 574
Programme of work	6 195	1 623	4 572

	Appropriation ^a	Expenditure on a budget basis	Unencumbered balance
Peacekeeping missions funded by the regular budget			
UNTSO	67 161	17 817	49 344
UNMOGIP	19 754	5 557	14 197
Total	105 702	28 131	77 571

^a Appropriation for the biennium 2018–2019 in accordance with resolutions 73/280 A to C, and appropriation for the biennium 2018–2019 in accordance with resolution 72/263 A.

Related entity transactions

200. In the ordinary course of business, in order to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and subsequently settled. No interest is levied on inter-entity balances.

Payable to the United Nations General Fund

201. The peacekeeping operations have a payable due to the United Nations General Fund in the amount of \$47.4 million (2017/18: \$47.4 million), of which \$37.4 million relates to ONUC and \$10.0 million relates to UNEF. Those missions closed on 30 June 1964 and 30 June 1967, respectively.

United Nations peacekeeping operations: balances reflected in the Tax Equalization Fund

202. The financial statements of the peacekeeping operations report employee benefits expenses on a net-of-tax basis. The tax liabilities relating to peacekeeping operations are reported separately as part of the Tax Equalization Fund in the financial statements of the United Nations, which has a 31 December financial reporting date.

203. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members whatever their national tax obligations. The Fund operationally reports as income, staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations, the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals.

204. The Fund includes as expenditure the credits against the regular budget, peacekeeping, the International Residual Mechanism and the international tribunals with respect to the assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes paid on their United Nations income. Such reimbursements for taxes paid are partially reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Since the Organization acts as an agent in this arrangement, net of the related revenue and expenses is reported as a payable in these financial statements.

205. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2018 was \$96.7 million (2017: \$67.3 million), consisting of amounts payable to the United States of America at year-end of \$39.8 million (2017: \$23.03 million) and to other Member States of \$56.9 million (2017: \$44.3 million).

The amount payable to the United States at year-end 2018 includes approximately \$18.7 million (2017: \$10.8 million) relating to the peacekeeping operations. The overall amount payable by the Fund is \$150.9 million (2017: \$88.6 million), which includes an estimated tax liability of \$54.1 million relating to the 2018 and prior tax years (2017: \$21.3 million), of which approximately \$29.2 million was disbursed in January 2019 and approximately \$24.9 million was settled in April 2019.

Peacekeeping cost recovery fund

206. Services provided to other United Nations agencies amounted to \$18.7 million (2017/18: \$19.1 million) and services provided to the troop-contributing countries and other Member States amounted to \$11.1 million (2017/18: \$8.7 million).

Year ended 30 June 2019

(Thousands of United States dollars)

	Other United Nations agencies	Troop-contributing countries and other Member States	Non-governmental organizations and international agencies	Vendors	Other external entities	Between peacekeeping missions	Total
Fuel	6 561	1 011	435	3 881	715	3 839	16 442
Logistical support – air transport	1 413	424	321	1 836	903	2 165	7 062
Logistical support – ground transport	1 281	5 076	27	97	304	62	6 847
Communications and information technology support	971	129	73	30	5 213	9 086	15 502
Building maintenance and utilities	6 181	972	3 469	1 163	1 820	870	14 475
Rations	195	3 321	249	–	76	189	4 030
Medical services	552	27	159	229	10	9	986
Staff services	15	–	54	–	232	6 863	7 164
Other services	1 506	155	311	757	745	382	3 856
Total other revenue	18 675	11 115	5 098	7 993	10 018	23 465	76 364

Note 26
Commitments

Operating lease commitments

207. The peacekeeping operations enter into operating leases for the use of land, permanent and temporary buildings and equipment. The total lease payments recognized in expenditure for the year were \$35.6 million (2017/18: \$42.4 million). The contingent rent payments are determined by the lease contracts. There were no purchase options, escalation clauses or restrictions imposed by the lease arrangements. Future minimum lease payments under non-cancellable arrangements are shown below.

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Less than 1 year	12 113	15 190
1 to 5 years	28 301	30 885
Over 5 years	5 589	5 769
Total operating lease commitments	46 003	51 844

Contractual commitments

208. As at the reporting date, commitments for goods and services contracted but not delivered amounted to \$274.3 million (2017/18: \$295.4 million).

(Thousands of United States dollars)

	30 June 2019	30 June 2018
Property, plant and equipment	43 861	66 500
Intangibles	1 083	287
Goods and services	229 331	228 644
Total open contractual commitments	274 275	295 431

Note 27

Contingent liabilities and contingent assets

Contingent liabilities

209. In the normal course of peacekeeping operations, the missions are involved from time to time in various arbitrations, commercial claims and litigations, and other legal or governmental actions. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss or the timing of any future outflows. Thus, accruals for legal matters are not recorded until a loss for a particular matter is considered probable and can be reasonably estimated. As at 30 June 2019, the total amount of contingent liabilities related to commercial claims and other claims of a private-law nature were \$17.4 million (2017/18: \$38.0 million).

210. Administrative law claims arise, for the most part, from appointment-related matters, benefits and entitlements, and separation from service. Accruals for those claims are not recorded until the outcome is probable and potential compensation can be reasonably estimated. The contingent liabilities for such claims, as at 30 June 2019, were \$6.8 million (2017/18: \$4.4 million) including an amount of \$1.0 million (2017/18: \$1.4 million) carried over from the previous year and an additional amount of \$5.8 million (2017/18: \$3.0 million) for the cases filed during the course of the current year. These claims may be settled during 2019/20, but the uncertain outcome of these claims makes the amount and timing of the outflows unpredictable.

Contingent assets

211. Contingent assets are disclosed when the receipt of settlement is probable. As at 30 June 2019, there were no material contingent assets (2017/18: none).

Note 28

Events after the reporting date

212. There were no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

Annex I

Financial reporting by mission

Statement of financial position as at 30 June 2019: active missions

(Thousands of United States dollars)

	<i>UNFICYP</i>	<i>UNDOF</i>	<i>UNIFIL</i>	<i>MINURSO</i>	<i>UNMIK</i>	<i>MONUSCO</i>	<i>MINUJUSTH</i>	<i>UNAMID</i>
Assets								
Cash and cash equivalents	135	991	7 933	99	32	757	163	2 747
Investments	1 262	15 129	123 896	1 132	256	10 014	2 473	42 738
Assessments receivable	23 976	14 379	71 046	47 748	34 435	299 580	43 076	143 137
Other receivables	176	163	1 687	536	170	1 873	598	405
Inventories	1 821	1 970	11 876	3 735	1 338	29 418	9 309	51 253
Property, plant and equipment	4 787	37 716	86 491	11 059	1 961	97 458	28 668	234 526
Other assets	12	57	658	306	122	5 573	2 111	795
Total assets	32 169	70 405	303 587	64 615	38 314	444 673	86 398	475 601
Liabilities								
Accounts payable	14 242	8 620	131 896	5 576	2 357	369 344	32 530	164 723
Total employee benefits	189	264	1 203	487	536	5 671	976	4 357
Other liabilities and provisions	1 966	2 501	10 246	16 163	32 034	36 668	8 242	18 067
Total liabilities	16 397	11 385	143 345	22 226	34 927	411 683	41 748	187 147
Net of total assets and total liabilities	15 772	59 020	160 242	42 389	3 387	32 990	44 650	288 454
Net assets								
Accumulated surplus (deficit) – unrestricted	15 772	23 033	140 677	42 389	3 387	32 990	44 650	288 454
Accumulated surplus (deficit) – restricted	–	35 987	19 565	–	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	15 772	59 020	160 242	42 389	3 387	32 990	44 650	288 454

Statement of financial performance for the year ended 30 June 2019: active missions

(Thousands of United States dollars)

	<i>UNFICYP</i>	<i>UNDOF</i>	<i>UNIFIL</i>	<i>MINURSO</i>	<i>UNMIK</i>	<i>MONUSCO</i>	<i>MINUJUSTH</i>	<i>UNAMID</i>
Assessed contributions	32 008	71 848	505 054	55 998	39 595	1 192 265	129 302	742 390
Voluntary contributions/other transfers and allocations	25 282	837	4 998	4 174	74	22 304	2 263	1 267
Investment revenue	239	492	4 726	119	113	4 169	336	2 595
Other revenues	144	394	309	1 172	65	2 845	585	478
Total revenues	57 673	73 571	515 087	61 463	39 847	1 221 583	132 486	746 730
Employee salaries, allowances and benefits	14 745	14 269	95 141	20 324	27 706	282 366	41 606	213 959
Contingent contracted services	22 953	25 878	326 580	805	1	458 127	25 231	261 983
Other expenses	23 234	24 353	100 265	40 372	12 598	570 583	69 588	318 675
Credits to Member States	1 441	466	8 531	896	409	1 111	3 145	12 256
Total expenses	62 373	64 966	530 517	62 397	40 714	1 312 187	139 570	806 873
Surplus/(deficit) for the year	(4 700)	8 605	(15 430)	(934)	(867)	(90 604)	(7 084)	(60 143)

Statement of financial position as at 30 June 2019: active missions (concluded)

(Thousands of United States dollars)

	<i>UNSOs</i>	<i>UNISFA</i>	<i>UNMISS</i>	<i>MINUSMA</i>	<i>MINUSCA</i>	<i>Total</i>
Assets						
Cash and cash equivalents	4 252	2 221	5 412	11 612	12 713	49 067
Investments	66 490	34 687	83 446	181 942	199 340	762 805
Assessments receivable	172 723	56 795	327 820	140 087	109 323	1 484 125
Other receivables	694	613	2 304	8 816	1 913	19 948
Inventories	43 023	11 504	56 087	59 342	33 664	314 340
Property, plant and equipment	179 837	89 766	223 577	277 892	174 259	1 447 997
Other assets	767	462	2 544	2 110	6 756	22 273
Total assets	467 786	196 048	701 190	681 801	537 968	4 100 555

	<i>UNSO</i>	<i>UNISFA</i>	<i>UNMISS</i>	<i>MINUSMA</i>	<i>MINUSCA</i>	<i>Total</i>
Liabilities						
Accounts payable	135 177	66 225	411 772	293 352	200 388	1 836 202
Total employee benefits	1 991	714	5 948	4 229	5 096	31 661
Other liabilities and provisions	40 190	8 710	25 915	31 070	62 638	294 410
Total liabilities	177 358	75 649	443 635	328 651	268 122	2 162 273
Net of total assets and total liabilities	290 428	120 399	257 555	353 150	269 846	1 938 282
Net assets						
Accumulated surplus (deficit) – unrestricted	290 428	120 399	257 555	353 150	269 846	1 882 730
Accumulated surplus (deficit) – restricted	–	–	–	–	–	55 552
Reserves	–	–	–	–	–	–
Total net assets	290 428	120 399	257 555	353 150	269 846	1 938 282

Statement of financial performance for the year ended 30 June 2019: active missions (concluded)

(Thousands of United States dollars)

	<i>UNSO</i>	<i>UNISFA</i>	<i>UNMISS</i>	<i>MINUSMA</i>	<i>MINUSCA</i>	<i>Total</i>
Assessed contributions	597 034	284 976	1 203 327	1 149 585	995 012	6 998 394
Voluntary contributions/other transfers and allocations	118 154	659	72 095	35 124	63 141	350 372
Investment revenue	2 800	1 143	3 911	8 921	6 955	36 519
Other revenues	935	296	882	4 836	906	13 847
Total revenues	718 923	287 074	1 280 215	1 198 466	1 066 014	7 399 132
Employee salaries, allowances and benefits	81 591	32 069	266 635	174 415	172 432	1 437 258
Contingent contracted services	77 027	123 922	448 659	449 907	398 548	2 619 621
Other expenses	523 432	106 700	583 602	597 105	428 147	3 398 654
Credits to Member States	30 676	7 370	(19 797)	5 969	34 286	86 759
Total expenses	712 726	270 061	1 279 099	1 227 396	1 033 413	7 542 292
Surplus/(deficit) for the year	6 197	17 013	1 116	(28 930)	32 601	(143 160)

Statement of financial position as at 30 June 2019: support activities

(Thousands of United States dollars)

	<i>Peacekeeping Reserve Fund</i>	<i>Support account</i>	<i>UNLB</i>	<i>UNLB-strategic deployment stocks</i>	<i>RSCE</i>	<i>Employee benefits funds</i>	<i>Peacekeeping cost recovery fund</i>	<i>Total</i>
Assets								
Cash and cash equivalents	8 535	637	971	4 632	39	1 687	2 947	19 448
Investments	134 421	9 995	15 049	72 963	217	26 926	46 422	305 993
Assessments receivable	–	–	–	–	–	–	–	–
Other receivables	12 820	515	432	66	19	–	23 121	36 973
Inventories	–	240	9 132	7 627	516	–	1 305	18 820
Property, plant and equipment	–	719	37 149	45 338	12 480	–	2 054	97 740
Other assets	–	4 297	28	–	315	–	209	4 849
Total assets	155 776	16 403	62 761	130 626	13 586	28 613	76 058	483 823
Liabilities								
Accounts payable	–	10 640	9 406	2 118	988	20	16 716	39 888
Total employee benefits	–	6 582	431	–	495	2 052 829	141	2 060 478
Other liabilities and provisions	–	–	53	–	1 002	–	5 682	6 737
Total liabilities	–	17 222	9 890	2 118	2 485	2 052 849	22 539	2 107 103
Net of total assets and total liabilities	155 776	(819)	52 871	128 508	11 101	(2 024 236)	53 519	(1 623 280)
Net assets								
Accumulated surplus (deficit) – unrestricted	5 776	(819)	52 871	128 508	11 101	(2 024 236)	53 519	(1 773 280)
Accumulated surplus (deficit) – restricted	–	–	–	–	–	–	–	–
Reserves	150 000	–	–	–	–	–	–	150 000
Total net assets	155 776	(819)	52 871	128 508	11 101	(2 024 236)	53 519	(1 623 280)

Statement of financial performance for the year ended 30 June 2019: support activities

(Thousands of United States dollars)

	<i>Peacekeeping Reserve Fund</i>	<i>Support account</i>	<i>UNLB</i>	<i>UNLB-strategic deployment stocks</i>	<i>RSCE</i>	<i>Employee benefits funds</i>	<i>Peacekeeping cost recovery fund</i>	<i>Total</i>
Assessed contributions	—	—	—	—	—	—	—	—
Voluntary contributions/other transfers and allocations	—	323 565	86 488	—	28 456	—	—	438 509
Investment revenue	3 848	692	2 544	—	73	742	1 274	9 173
Other revenues	5	68	393	4 893	514	3 390	76 364	85 627
Total revenues	3 853	324 325	89 425	4 893	29 043	4 132	77 638	533 309
Employee salaries, allowances and benefits	—	247 746	40 399	—	26 685	140 914	7 605	463 349
Contingent contracted services	—	1 805	—	—	—	—	6 306	8 111
Other expenses	935	79 203	60 942	5 078	6 585	2 260	50 704	205 707
Credits to Member States	—	—	—	—	—	—	986	986
Total expenses	935	328 754	101 341	5 078	33 270	143 174	65 601	678 153
Surplus/(deficit) for the year	2 918	(4 429)	(11 916)	(185)	(4 227)	(139 042)	12 037	(144 844)

Statement of financial position as at 30 June 2019: closed missions

(Thousands of United States dollars)

	<i>UNMIL</i>	<i>UNOCI</i>	<i>UNSMIS</i>	<i>UNMIT</i>	<i>UNMIS</i>	<i>MINURCAT</i>	<i>UNOMIG</i>
Assets							
Cash and cash equivalents	338	1 122	19	125	381	348	31
Investments	5 321	17 669	297	1 961	6 000	5 474	482
Assessments receivable	5 718	—	—	—	—	—	—
Other receivables	117	60	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Property, plant and equipment	—	—	—	—	—	—	—
Other assets	328	36	—	—	—	—	—
Total assets	11 822	18 887	316	2 086	6 381	5 822	513

	<i>UNMIL</i>	<i>UNOCI</i>	<i>UNSMIS</i>	<i>UNMIT</i>	<i>UNMIS</i>	<i>MINURCAT</i>	<i>UNOMIG</i>
Liabilities							
Accounts payable	6 067	24 177	165	828	114	3 496	12
Total employee benefits	342	99	–	–	–	–	–
Other liabilities and provisions	6 856	749	7	–	–	5	–
Total liabilities	13 265	25 025	172	828	114	3 501	12
Net of total assets and total liabilities	(1 443)	(6 138)	144	1 258	6 267	2 321	501
Net assets							
Accumulated surplus (deficit) – unrestricted	(1 443)	(6 138)	144	1 258	6 267	2 321	501
Accumulated surplus (deficit) – restricted	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	(1 443)	(6 138)	144	1 258	6 267	2 321	501

Statement of financial performance for the year ended 30 June 2019: closed missions

(Thousands of United States dollars)

	<i>UNMIL</i>	<i>UNOCI</i>	<i>UNSMIS</i>	<i>UNMIT</i>	<i>UNMIS</i>	<i>MINURCAT</i>	<i>UNOMIG</i>
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	180	561	8	52	137	136	16
Other revenues	14	4	–	–	–	–	–
Total revenues	194	565	8	52	137	136	16
Employee salaries, allowances and benefits	(810)	160	–	–	3	–	–
Contingent contracted services	(3 183)	8	–	–	–	–	–
Other expenses	5 462	(4 320)	(1)	(8)	(178)	(13)	–
Credits to Member States	–	(2 432)	–	–	–	–	–
Total expenses	1 469	(6 584)	(1)	(8)	(175)	(13)	–
Surplus/(deficit) for the year	(1 275)	7 149	9	60	312	149	16

Statement of financial position as at 30 June 2019: closed missions (continued)

(Thousands of United States dollars)

	<i>UNMEE</i>	<i>ONUB</i>	<i>UNAMSIL/ UNOMSIL</i>	<i>UNMISET/ UNTAET</i>	<i>UNIKOM</i>	<i>UNMIBH</i>	<i>UNMOT</i>
Assets							
Cash and cash equivalents	136	92	100	270	36	323	7
Investments	2 132	1 443	1 582	4 252	574	5 090	115
Assessments receivable	—	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Property, plant and equipment	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—
Total assets	2 268	1 535	1 682	4 522	610	5 413	122
Liabilities							
Accounts payable	82	59	65	1 846	6	4 414	3
Total employee benefits	—	—	—	—	—	—	—
Other liabilities and provisions	15	1	1	—	—	—	—
Total liabilities	97	60	66	1 846	6	4 414	3
Net of total assets and total liabilities	2 171	1 475	1 616	2 676	604	999	119
Net assets							
Accumulated surplus (deficit) – unrestricted	2 171	1 475	1 616	2 676	604	999	119
Accumulated surplus (deficit) – restricted	—	—	—	—	—	—	—
Reserves	—	—	—	—	—	—	—
Total net assets	2 171	1 475	1 616	2 676	604	999	119

Statement of financial performance for the year ended 30 June 2019: closed missions (continued)

(Thousands of United States dollars)

	<i>UNMEE</i>	<i>ONUB</i>	<i>UNAMSIL/ UNOMSIL</i>	<i>UNMISSET/ UNTAET</i>	<i>UNIKOM</i>	<i>UNMIBH</i>	<i>UNMOT</i>
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	50	41	37	98	16	112	2
Other revenues	–	–	–	–	–	–	–
Total revenues	50	41	37	98	16	112	2
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	(7)	–	(30)	(16)	–	–	–
Credits to Member States	–	–	–	–	–	–	–
Total expenses	(7)	–	(30)	(16)	–	–	–
Surplus/(deficit) for the year	57	41	67	114	16	112	2

Statement of financial position as at 30 June 2019: closed missions (continued)

(Thousands of United States dollars)

	<i>UNSMIH/ UNTMIH/ MIPONUH</i>	<i>MINURCA</i>	<i>MONUA/ UNAVEM</i>	<i>UNPREDEP</i>	<i>UNTAES</i>	<i>UNOMIL</i>	<i>UNPF</i>
Assets							
Cash and cash equivalents	13	–	964	273	330	13	2 405
Investments	208	7	15 191	4 307	5 192	200	37 885
Assessments receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	50 242
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	221	7	16 155	4 580	5 522	213	90 532

	<i>UNSMIH/ UNTMIH/ MIPONUH</i>	<i>MINURCA</i>	<i>MONUA/ UNAVEM</i>	<i>UNPREDEP</i>	<i>UNTAES</i>	<i>UNOMIL</i>	<i>UNPF</i>
Liabilities							
Accounts payable	114	7 480	5 225	2 593	4 722	27	16 933
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	7 366	16 337	–	–	–	–	130
Total liabilities	7 480	23 817	5 225	2 593	4 722	27	17 063
Net of total assets and total liabilities	(7 259)	(23 810)	10 930	1 987	800	186	73 469
Net assets							
Accumulated surplus (deficit) – unrestricted	(18 445)	(30 046)	10 930	1 987	800	186	73 469
Accumulated surplus (deficit) – restricted	11 186	6 236	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	(7 259)	(23 810)	10 930	1 987	800	186	73 469

Statement of financial performance for the year ended 30 June 2019: closed missions (continued)

(Thousands of United States dollars)

	<i>UNSMIH/ UNTMIH/ MIPONUH</i>	<i>MINURCA</i>	<i>MONUA/ UNAVEM</i>	<i>UNPREDEP</i>	<i>UNTAES</i>	<i>UNOMIL</i>	<i>UNPF</i>
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	5	1	329	97	115	5	1 028
Other revenues	–	–	–	–	–	–	–
Total revenues	5	1	329	97	115	5	1 028
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	–	–	1	–	–	–	(8 077)
Credits to Member States	–	–	–	–	–	–	–
Total expenses	–	–	1	–	–	–	(8 077)
Surplus/(deficit) for the year	5	1	328	97	115	5	9 105

Statement of financial position as at 30 June 2019: closed missions (continued)

(Thousands of United States dollars)

	<i>MINUGUA</i>	<i>UNMIH</i>	<i>UNAMIR/ UNOMUR</i>	<i>ONUSAL</i>	<i>ONUMOZ</i>	<i>UNSOM</i>	<i>UNMLT</i>
Assets							
Cash and cash equivalents	–	1 480	696	25	504	36	–
Investments	1	23 315	10 972	388	7 931	571	1
Assessments receivable	–	–	–	–	–	–	–
Other receivables	–	10 566	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	1	35 361	11 668	413	8 435	607	1
Liabilities							
Accounts payable	–	12 655	213	2	280	15 490	–
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	124	–	–	–	30	70	–
Total liabilities	124	12 655	213	2	310	15 560	–
Net of total assets and total liabilities	(123)	22 706	11 455	411	8 125	(14 953)	1
Net assets							
Accumulated surplus (deficit) – unrestricted	(141)	22 706	11 455	411	8 125	(52 516)	1
Accumulated surplus (deficit) – restricted	18	–	–	–	–	37 563	–
Reserves	–	–	–	–	–	–	–
Total net assets	(123)	22 706	11 455	411	8 125	(14 953)	1

Statement of financial performance for the year ended 30 June 2019: closed missions (continued)

(Thousands of United States dollars)

	<i>MINUGUA</i>	<i>UNMIH</i>	<i>UNAMIR/ UNOMUR</i>	<i>ONUSAL</i>	<i>ONUMOZ</i>	<i>UNSOM</i>	<i>UNMLT</i>
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Investment revenue	–	511	235	9	167	13	–
Other revenues	–	–	–	–	–	–	–
Total revenues	–	511	235	9	167	13	–
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	–	1	1	–	1	–	–
Credits to Member States	–	–	–	–	–	–	–
Total expenses	–	1	1	–	1	–	–
Surplus/(deficit) for the year	–	510	234	9	166	13	–

Statement of financial position as at 30 June 2019: closed missions (concluded)

(Thousands of United States dollars)

	<i>UNTAC</i>	<i>UNTAG</i>	<i>UNHMOG</i>	<i>UNEF</i>	<i>ONUC</i>	<i>Total</i>
Assets						
Cash and cash equivalents	31	29	15	5	57	10 204
Investments	484	460	236	80	902	160 723
Assessments receivable	–	–	–	–	–	5 718
Other receivables	–	–	–	–	–	60 985
Inventories	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–
Other assets	–	–	–	876	1 973	3 213
Total assets	515	489	251	961	2 932	240 843

	<i>UNTAC</i>	<i>UNTAG</i>	<i>UNIIMOG</i>	<i>UNEF</i>	<i>ONUC</i>	<i>Total</i>
Liabilities						
Accounts payable	39 855	84	68	18 233	6 697	172 005
Total employee benefits	—	—	—	—	—	441
Other liabilities and provisions	105	38	—	21 541	39 742	93 117
Total liabilities	39 960	122	68	39 774	46 439	265 563
Net of total assets and total liabilities	(39 445)	367	183	(38 813)	(43 507)	(24 720)
Net assets						
Accumulated surplus (deficit) – unrestricted	(40 263)	367	183	(38 813)	(43 507)	(80 541)
Accumulated surplus (deficit) – restricted	818	—	—	—	—	55 821
Reserves	—	—	—	—	—	—
Total net assets	(39 445)	367	183	(38 813)	(43 507)	(24 720)

Statement of financial performance for the year ended 30 June 2019: closed missions (concluded)

(Thousands of United States dollars)

	<i>UNTAC</i>	<i>UNTAG</i>	<i>UNIIMOG</i>	<i>UNEF</i>	<i>ONUC</i>	<i>Total</i>
Assessed contributions	—	—	—	—	—	—
Voluntary contributions/other transfers and allocations	—	—	—	—	—	—
Investment revenue	11	11	6	2	21	4 012
Other revenues	—	—	—	331	23	372
Total revenues	11	11	6	333	44	4 384
Employee salaries, allowances and benefits	—	—	—	—	—	(647)
Contingent contracted services	—	—	—	—	—	(3 175)
Other expenses	10	—	—	—	—	(7 174)
Credits to Member States	—	—	—	—	—	(2 432)
Total expenses	10	—	—	—	—	(13 428)
Surplus/(deficit) for the year	1	11	6	333	44	17 812

Annex II

Budgetary reporting by mission

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Peacekeeping Force in Cyprus

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	22 108	—	22 108	15 800	5 564	21 364	744
Civilian personnel	15 365	(42)	15 323	14 623	109	14 732	591
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants and consulting services	33	(17)	16	15		15	1
Official travel	260	(13)	247	246	1	247	—
Facilities and infrastructure	7 326	(15)	7 311	6 743	534	7 277	34
Ground transportation	2 187	617	2 804	2 113	690	2 803	1
Air operations	2 565	(442)	2 123	2 076	47	2 123	—
Marine operations		126	126	126		126	—
Communications and information technology	1 656	157	1 813	1 622	191	1 813	—
Medical	300	(91)	209	127	82	209	—
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	1 139	(280)	859	641	207	848	11
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	15 466	42	15 508	13 709	1 752	15 461	47
Subtotal	52 939	—	52 939	44 132	7 425	51 557	1 382
Prorated costs							
UNLB	687	—	687	687	—	687	—
Support account for peacekeeping operations	2 732	—	2 732	2 732	—	2 732	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	3 419	—	3 419	3 419	—	3 419	—
Voluntary contributions in kind (budgeted)	592	—	592	456	—	456	136
Total	56 950	—	56 950	48 007	—	55 432	1 518

^a In accordance with General Assembly resolution [72/292](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Disengagement Observer Force

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	32 575	(1 429)	31 146	24 410	5 664	30 074	1 072
Civilian personnel	14 352	(7)	14 345	14 184	4	14 188	157
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants and consulting services	18	14	32	30	2	32	—
Official travel	570	(14)	556	528	28	556	—
Facilities and infrastructure	7 006	1 255	8 261	7 605	640	8 245	16
Ground transportation	2 225	(711)	1 514	1 045	469	1 514	—
Air operations	—	—	—	—	—	—	—
Marine operations	50	34	84	70	14	84	—
Communications and information technology	1 756	98	1 854	1 324	526	1 850	4
Medical	211	40	251	186	56	242	9
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	1 532	720	2 252	2 173	79	2 252	—
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	13 368	1 436	14 804	12 961	1 814	14 775	29
Subtotal	60 295		60 295	51 555	7 482	59 037	1 258
Prorated costs							
UNLB	783	—	783	783	—	783	—
Support account for peacekeeping operations	3 112	—	3 112	3 112	—	3 112	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	3 895	—	3 895	3 895	—	3 895	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—
Total	64 190	—	64 190	55 450	7 482	62 932	1 258

^a In accordance with General Assembly resolution [72/298](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Interim Force in Lebanon

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	343 240	(970)	342 270	290 450	51 820	342 270	–
Civilian personnel	92 257	3 328	95 585	95 470	114	95 584	1
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	60	(6)	54	53	1	54	–
Official travel	796	(155)	641	635	6	641	–
Facilities and infrastructure	15 649	(571)	15 078	14 498	572	15 070	8
Ground transportation	4 381	45	4 426	4 387	39	4 426	–
Air operations	6 709	45	6 754	6 226	528	6 754	–
Marine operations	76	(30)	46	46	–	46	–
Communications and information technology	6 344	(1 127)	5 217	4 991	221	5 212	5
Medical	1 115	(52)	1 063	891	172	1 063	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	3 280	(507)	2 773	2 211	545	2 756	17
Quick-impact projects	500	–	500	389	111	500	–
Total operational requirements	38 910	(2 358)	36 552	34 327	2 195	36 522	30
Subtotal	474 407	–	474 407	420 247	54 129	474 376	31
Prorated costs							
UNLB	6 160	–	6 160	6 160	–	6 160	–
Support account for peacekeeping operations	24 487	–	24 487	24 487	–	24 487	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	30 647	–	30 647	30 647	–	30 647	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	505 054	–	505 054	450 894	54 129	505 023	31

^a In accordance with General Assembly resolution [72/299](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Mission for the Referendum in Western Sahara

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	7 462	138	7 600	7 214	386	7 600	–
Civilian personnel	19 780	1 001	20 781	20 741	40	20 781	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	35	(31)	4	2	–	2	2
Official travel	538	76	614	511	103	614	–
Facilities and infrastructure	4 156	(564)	3 592	2 832	751	3 583	9
Ground transportation	1 538	(179)	1 359	888	468	1 356	3
Air operations	11 312	329	11 641	11 612	29	11 641	–
Marine operations	–	31	31	24	7	31	–
Communications and information technology	2 388	(331)	2 057	1 667	390	2 057	–
Medical	154	(110)	44	37	7	44	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	4 988	(360)	4 628	3 200	1 406	4 606	22
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	25 109	(1 139)	23 970	20 773	3 161	23 934	36
Subtotal	52 351	–	52 351	48 728	3 587	52 315	36
Prorated costs							
UNLB	680	–	680	680	–	680	–
Support account for peacekeeping operations	2 702	–	2 702	2 702	–	2 702	–
RSCE	265	–	265	265	–	265	–
Subtotal prorated costs	3 647	–	3 647	3 647	–	3 647	–
Voluntary contributions in kind (budgeted)	519	–	519	365	–	365	154
Total	56 517	–	56 517	52 740	3 587	56 327	190

^a In accordance with General Assembly resolution [72/301](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
United Nations Interim Administration Mission in Kosovo

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	764	(114)	650	650	—	650	—
Civilian personnel	28 020	474	28 494	28 441	53	28 494	—
Operational requirements							
Civilian electoral observers	—	—	—	—	—	—	—
Consultants and consulting services	41	26	67	67	—	67	—
Official travel	303	122	425	348	77	425	—
Facilities and infrastructure	2 703	(147)	2 556	2 556	—	2 556	—
Ground transportation	255	(63)	192	189	3	192	—
Air operations	—	—	—	—	—	—	—
Marine operations	—	—	—	—	—	—	—
Communications and information technology	2 244	(190)	2 054	1 976	77	2 053	1
Medical	62	(32)	30	30	—	30	—
Special equipment	—	—	—	—	—	—	—
Other supplies, services and equipment	2 801	(76)	2 725	2 547	178	2 725	—
Quick-impact projects	—	—	—	—	—	—	—
Total operational requirements	8 409	(360)	8 049	7 713	335	8 048	1
Subtotal	37 193	—	37 193	36 804	388	37 192	1
Prorated costs							
UNLB	483	—	483	483	—	483	—
Support account for peacekeeping operations	1 919	—	1 919	1 919	—	1 919	—
RSCE	—	—	—	—	—	—	—
Subtotal prorated costs	2 402	—	2 402	2 402	—	2 402	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—
Total	39 595	—	39 595	39 206	388	39 594	1

^a In accordance with General Assembly resolution [72/295](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

(Thousands of United States dollars)

	<i>Appropriation</i>				<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Commitment authority^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	535 038	—	25 925	560 963	405 430	155 528	560 958	5
Civilian personnel	257 032	9 313	28 640	294 985	289 715	5 270	294 985	—
Operational requirements								
Civilian electoral observers	—	—	—	—	—	—	—	—
Consultants and consulting services	1 171	—	334	1 505	1 012	493	1 505	—
Official travel	5 398	410	822	6 630	5 932	698	6 630	—
Facilities and infrastructure	58 637	—	375	59 012	49 788	9 224	59 012	—
Ground transportation	16 744	220	(713)	16 251	14 673	1 572	16 245	6
Air operations	151 722	67 655	(50 972)	168 405	164 922	3 462	168 384	21
Marine operations	27	—	1 093	1 120	548	572	1 120	—
Communications and information technology	36 507	140	(1 609)	35 038	30 953	4 055	35 008	30
Medical	2 074	—	(66)	2 008	1 325	683	2 008	—
Special equipment	—	—	—	—	—	—	—	—
Other supplies, services and equipment	48 769	2 262	(3 810)	47 221	43 158	4 063	47 221	—
Quick-impact projects	1 500	—	(19)	1 481	1 448	33	1 481	—
Total operational requirements	322 549	70 687	(54 565)	338 671	313 759	24 855	338 614	57
Subtotal	1 114 619	80 000	—	1 194 619	1 008 904	185 653	1 194 557	62
Prorated costs								
UNLB	14 474	—	—	14 474	14 474	—	14 474	—
Support account for peacekeeping operations	57 531	—	—	57 531	57 531	—	57 531	—
RSCE	5 641	—	—	5 641	5 641	—	5 641	—
Subtotal prorated costs	77 646	—	—	77 646	77 646	—	77 646	—
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—	—
Total	1 192 265	—	—	1 272 265	1 086 550	185 653	1 272 203	62

^a In accordance with General Assembly resolution [72/293](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
United Nations Mission for Justice Support in Haiti

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	43 942	2 005	45 947	35 116	10 831	45 947	–
Civilian personnel	41 140	3 513	44 653	44 503	150	44 653	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	332	135	467	328	139	467	–
Official travel	1 379	(38)	1 341	1 180	149	1 329	12
Facilities and infrastructure	12 689	(2 647)	10 042	9 498	531	10 029	13
Ground transportation	1 844	(975)	869	726	101	827	42
Air operations	5 642	(1 982)	3 660	3 620	10	3 630	30
Marine operations							
Communications and information technology	4 810	(581)	4 229	3 634	537	4 171	58
Medical	630	(233)	397	297	89	386	11
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	7 948	1 639	9 587	5 002	4 585	9 587	–
Quick-impact projects	1 100	(836)	264	168	73	241	23
Total operational requirements	36 374	(5 518)	30 856	24 453	6 214	30 667	189
Subtotal	121 456	–	121 456	104 072	17 195	121 267	189
Prorated costs							
UNLB	1 577	–	1 577	1 577	–	1 577	–
Support account for peacekeeping operations	6 269	–	6 269	6 269	–	6 269	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	7 846	–	7 846	7 846	–	7 846	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	129 302	–	129 302	111 918	17 195	129 113	189

^a In accordance with General Assembly resolution [72/260](#) B.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
African Union-United Nations Hybrid Operation in Darfur

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	338 262	5 012	343 274	262 146	81 127	343 273	1
Civilian personnel	203 846	12 808	216 654	215 678	976	216 654	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	14	(4)	10	9	1	10	–
Official travel	2 528	697	3 225	2 744	481	3 225	–
Facilities and infrastructure	43 454	(7 107)	36 347	33 362	2 985	36 347	–
Ground transportation	6 890	(763)	6 127	5 116	488	5 604	523
Air operations	56 830	(1 627)	55 203	54 670	533	55 203	–
Marine operations		186	186	128	52	180	6
Communications and information technology	17 882	(1 396)	16 486	12 447	4 025	16 472	14
Medical	858	(116)	742	581	160	741	1
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	44 959	(7 690)	37 269	30 585	6 684	37 269	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	173 415	(17 820)	155 595	139 642	15 409	155 051	544
Subtotal	715 523	–	715 523	617 466	97 512	714 978	545
Prorated costs							
UNLB	5 008	–	5 008	5 008	–	5 008	–
Support account for peacekeeping operations	19 907	–	19 907	19 907	–	19 907	–
RSCE	1 952	–	1 952	1 952	–	1 952	–
Subtotal prorated costs	26 867	–	26 867	26 867	–	26 867	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	742 390	–	742 390	644 333	97 512	741 845	545

^a In accordance with General Assembly resolutions [72/259 B](#) and [73/278 A](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Support Office in Somalia

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	165 770	(23 851)	141 919	111 984	29 171	141 155	764
Civilian personnel	75 356	6 397	81 753	81 553	200	81 753	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	1 356	(170)	1 186	1 126	54	1 180	6
Official travel	1 607	421	2 028	1 795	233	2 028	–
Facilities and infrastructure	87 956	24 827	112 783	74 326	38 457	112 783	–
Ground transportation	26 118	2 492	28 610	15 820	12 790	28 610	–
Air operations	75 565	(11 497)	64 068	63 000	1 068	64 068	–
Marine operations	561	1 048	1 609	1 200	409	1 609	–
Communications and information technology	35 401	7 631	43 032	30 531	12 501	43 032	–
Medical	14 717	(3 272)	11 445	9 707	1 738	11 445	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	73 745	(4 026)	69 719	51 222	18 497	69 719	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	317 026	17 454	334 480	248 727	85 747	334 474	6
Subtotal	558 152		558 152	442 264	115 118	557 382	770
Prorated costs							
UNLB	7 248	–	7 248	7 248	–	7 248	–
Support account for peacekeeping operations	28 809	–	28 809	28 809	–	28 809	–
RSCE	2 825	–	2 825	2 825	–	2 825	–
Subtotal prorated costs	38 882	–	38 882	38 882	–	38 882	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	597 034	–	597 034	481 146	115 118	596 264	770

^a In accordance with General Assembly resolution [72/302](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Interim Security Force for Abyei

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	154 018	–	154 018	108 388	42 867	151 255	2 763
Civilian personnel	35 383	1 334	36 717	36 412	304	36 716	1
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	436	(194)	242	171	–	171	71
Official travel	969	(23)	946	798	131	929	17
Facilities and infrastructure	22 699	(2 076)	20 623	13 879	6 662	20 541	82
Ground transportation	1 361	2 059	3 420	1 205	2 215	3 420	
Air operations	22 687	(4 677)	18 010	16 667	394	17 061	949
Marine operations	596	(324)	272	6	58	64	208
Communications and information technology	6 956	3 826	10 782	6 204	4 577	10 781	1
Medical	277	40	317	208	109	317	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	17 976	35	18 011	13 430	4 581	18 011	–
Quick-impact projects	500	–	500	400	100	500	–
Total operational requirements	74 457	(1 334)	73 123	52 968	18 827	71 795	1 328
Subtotal	263 858	–	263 858	197 768	61 998	259 766	4 092
Prorated costs							
UNLB	3 426	–	3 426	3 426	–	3 426	–
Support account for peacekeeping operations	13 619	–	13 619	13 619	–	13 619	–
RSCE	1 336	–	1 336	1 336	–	1 336	–
Subtotal prorated costs	18 381	–	18 381	18 381	–	18 381	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	282 239	–	282 239	216 149	61 998	278 147	4 092

^a In accordance with General Assembly resolution [72/289](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

United Nations Mission in South Sudan

(Thousands of United States dollars)

	Appropriation				Expenditure			Balance
	Original distribution ^a	Commitment authority ^b	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	532 408	20 271	–	552 679	321 127	231 499	552 626	53
Civilian personnel	275 028	11 355	7 111	293 494	291 367	2 124	293 491	3
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants and consulting services	606	(200)	(209)	197	162	14	176	21
Official travel	3 986	(400)	3	3 589	2 984	605	3 589	–
Facilities and infrastructure	85 682	6 585	(1 446)	90 821	76 659	14 050	90 709	112
Ground transportation	9 592	1 554	1 188	12 334	9 475	2 859	12 334	–
Air operations	129 426	(13 959)	(5 965)	109 502	104 869	4 063	108 932	570
Marine operations	561	355	84	1 000	609	391	1 000	–
Communications and information technology	29 247	(370)	633	29 510	25 175	4 334	29 509	1
Medical	2 154	(241)	(619)	1 294	789	502	1 291	3
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	55 070	984	(780)	55 274	40 700	14 574	55 274	–
Quick-impact projects	1 200	–	–	1 200	1 023	153	1 176	24
Total operational requirements	317 524	(5 692)	(7 111)	304 721	262 445	41 545	303 990	731
Subtotal	1 124 960	25 934	–	1 150 894	874 939	275 168	1 150 107	787
Prorated costs								
UNLB	14 608	–	–	14 608	14 608	–	14 608	–
Support account for peacekeeping operations	58 065	–	–	58 065	58 065	–	58 065	–
RSCE	5 693	–	–	5 693	5 693	–	5 693	–
Subtotal prorated costs	78 366	–	–	78 366	78 366	–	78 366	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	1 203 326	25 934		1 229 260	953 305	275 168	1 228 473	787

^a In accordance with General Assembly resolution [72/300](#).^b Authorized on 30 April 2019 for the period until 30 June 2019.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
United Nations Multidimensional Integrated Stabilization Mission in Mali

(Thousands of United States dollars)

	<i>Appropriation</i>				<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Commitment authority^b</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	450 604	32 600	22 333	505 537	390 127	115 410	505 537	–
Civilian personnel	167 294	–	16 817	184 111	183 092	1 019	184 111	–
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants and consulting services	811	–	(395)	416	411	5	416	–
Official travel	3 947	–	1 599	5 546	4 924	622	5 546	–
Facilities and infrastructure	91 483	–	14 176	105 659	69 225	36 434	105 659	–
Ground transportation	11 840	–	2 056	13 896	13 211	684	13 895	1
Air operations	165 422	–	(36 905)	128 517	123 701	4 214	127 915	602
Marine operations	1 699	–	266	1 965	585	1 380	1 965	–
Communications and information technology	79 718	–	(8 838)	70 880	57 568	13 271	70 839	41
Medical	9 929	–	(2 004)	7 925	7 052	839	7 891	34
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	87 972	–	(9 105)	78 867	53 222	24 822	78 044	823
Quick-impact projects	4 000	–	–	4 000	3 168	681	3 849	151
Total operational requirements	456 821	–	(39 150)	417 671	333 067	82 952	416 019	1 652
Subtotal	1 074 719	32 600		1 107 319	906 286	199 381	1 105 667	1 652
Prorated costs								
UNLB	13 955	–	–	13 955	13 955	–	13 955	–
Support account for peacekeeping operations	55 472	–	–	55 472	55 472	–	55 472	–
RSCE	5 439	–	–	5 439	5 439	–	5 439	–
Subtotal prorated costs	74 866	–	–	74 866	74 866	–	74 866	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	1 149 585	32 600		1 182 185	981 152	199 381	1 180 533	1 652

^a In accordance with General Assembly resolution [72/297](#).

^b Authorized on 29 April 2019 for the period until 30 June 2019.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	487 539	–	487 539	380 893	92 940	473 833	13 706
Civilian personnel	197 695	–	197 695	193 468	2 002	195 470	2 225
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	775		775	425	216	641	134
Official travel	3 778	323	4 101	3 443	658	4 101	–
Facilities and infrastructure	86 924		86 924	48 586	35 987	84 573	2 351
Ground transportation	15 320	2 436	17 756	13 625	4 131	17 756	–
Air operations	60 515	(2 201)	58 314	48 790	536	49 326	8 988
Marine operations	250	1 317	1 567	155	1 412	1 567	–
Communications and information technology	36 157	1 690	37 847	27 380	10 467	37 847	–
Medical	2 266		2 266	323	664	987	1 279
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	35 993	(3 565)	32 428	20 570	11 141	31 711	717
Quick-impact projects	3 000	–	3 000	1 932	899	2 831	169
Total operational requirements	244 978	–	244 978	165 229	66 111	231 340	13 638
Subtotal	930 212	–	930 212	739 590	161 053	900 643	29 569
Prorated costs							
UNLB	12 079	–	12 079	12 079	–	12 079	–
Support account for peacekeeping operations	48 013	–	48 013	48 013	–	48 013	–
RSCE	4 708	–	4 708	4 708	–	4 708	–
Subtotal prorated costs	64 800	–	64 800	64 800	–	64 800	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	995 012	–	995 012	804 390	–	965 443	29 569

^a In accordance with General Assembly resolution [72/290](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019

Support account for peacekeeping operations

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	3 882	(2 077)	1 805	–	1 805	1 805	–
Civilian personnel	228 898	11 789	240 687	240 113	574	240 687	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	2 734	(527)	2 207	1 276	931	2 207	–
Official travel	7 609	(757)	6 852	6 375	477	6 852	–
Facilities and infrastructure	21 205	(2)	21 203	20 939	264	21 203	–
Ground transportation	56	16	72	67	5	72	–
Air operations	–	28	28	28	–	28	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	16 208	(1 993)	14 215	11 993	2 222	14 215	–
Medical	81	(10)	71	71	–	71	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	44 030	(6 467)	37 563	37 524	39	37 563	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	91 923	(9 712)	82 211	78 273	3 938	82 211	–
Total	324 703	–	324 703	318 386	6 317	324 703	–

^a In accordance with General Assembly resolution [72/288](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019
United Nations Logistics Base at Brindisi, Italy

(Thousands of United States dollars)

	<i>Appropriation</i>			<i>Expenditure</i>			<i>Balance</i>
	<i>Original distribution^a</i>	<i>Redeployment</i>	<i>Revised distribution</i>	<i>Actual</i>	<i>Commitments</i>	<i>Total expenditure</i>	
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	43 790	(3 292)	40 498	40 224	39	40 263	235
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	386	(58)	328	143	185	328	–
Official travel	704	54	758	646	106	752	6
Facilities and infrastructure	6 110	540	6 650	4 332	2 221	6 553	97
Ground transportation	421	87	508	307	199	506	2
Air operations	–	36	36	4	32	36	–
Marine operations	–	8	8	–	8	8	–
Communications and information technology	29 876	2 335	32 211	26 837	5 345	32 182	29
Medical	47	(5)	42	26	16	42	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	1 115	295	1 410	1 322	87	1 409	1
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	38 659	3 292	41 951	33 617	8 199	41 816	135
Subtotal	82 449	–	82 449	73 841	8 238	82 079	370
Strategic deployment stock activities – replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions and other entities	73 840	–	73 840	8 195	14 139	22 334	51 506
Total	156 289	–	156 289	82 036	22 377	104 413	51 876

^a In accordance with General Assembly resolution [72/287](#).

Mission comparison of budget and actual amounts on a budget basis from 1 July 2018 to 30 June 2019 Regional Service Centre in Entebbe, Uganda

(Thousands of United States dollars)

	Appropriation			Expenditure			Balance
	Original distribution ^a	Redeployment	Revised distribution	Actual	Commitments	Total expenditure	
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	23 955	2 440	26 395	26 338	57	26 395	
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	140	(37)	103	102	–	102	1
Official travel	282	(74)	208	184	24	208	–
Facilities and infrastructure	2 072	(1 817)	255	197	58	255	–
Ground transportation	81	(81)	–	–	–	–	–
Air operations	–	–	–	–	–	–	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	4 165	(281)	3 884	3 404	480	3 884	–
Medical	128	(13)	115	–	115	115	–
Special equipment							
Other supplies, services and equipment	616	(137)	479	453	24	477	2
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	7 484	(2 440)	5 044	4 340	701	5 041	3
Total	31 439	–	31 439	30 678	758	31 436	3

^a In accordance with General Assembly resolution [72/286](#).