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

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

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning the United Nations peacekeeping operations for the financial period ended 30 June 2020

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2020 ([A/75/5 \(Vol. II\)](#)). During its consideration of the report, the Advisory Committee interacted remotely with the members of the Audit Operations Committee of the Board, who provided additional information and clarification, concluding with written responses received on 9 February 2021. The Committee also interacted remotely with representatives of the Secretary-General and discussed the findings of the Board in the context of the related report of the Secretary-General on the implementation of the recommendations of the Board ([A/75/793](#)). The representatives provided additional information and clarification, concluding with written responses dated 19 March 2021.

2. The comments of the Advisory Committee on the findings of the Board on some specific matters are provided also in its report on cross-cutting issues related to the United Nations peacekeeping operations ([A/75/822](#)) and in its mission-specific reports.

3. In its report, the Board indicated that, in June 2020, owing to the restrictions related to the coronavirus disease (COVID-19) pandemic, the Administration had advised the Board to consider conducting its audits remotely. Consequently, the Board conducted the audits of the 13 field missions, the 2 service centres and peacekeeping



headquarters remotely.¹ With regard to the verification of mission assets and inventories, the Advisory Committee was informed, upon enquiry, that the Board had selected samples with the help of Umoja and other systems and had received from the missions supporting documents electronically, including video or photo evidence, when necessary. The Board indicated that the necessary limitation of the audits complicated the communication between the Board and the auditees and led to extended time on remote audits, compared with visits undertaken in previous years. Even with those extended remote audits, the Board's findings were not as comprehensive as if gained on-site, which resulted in additional consultations with the auditees and prolonged consultations and clarifications. It is the Board's view that, at least with respect to peacekeeping operations, those remote audits were performed as an exception under unique circumstances and should not be viewed as a standard occurrence in future audits (A/75/5 (Vol. II), para. 2). The Committee was informed, upon enquiry, that the Board had arrived at an unqualified audit opinion owing to the following main elements: (a) its extensive knowledge of the peacekeeping operations; (b) its recent field-based audits; (c) the fact that peacekeeping operated normally for most of the reporting period until March 2020; and (d) the written confirmation by the heads of mission and directors of service centres that the physical verifications had been carried out in accordance with the Financial Regulations and Rules of the United Nations and the policies established by the Secretary-General (see also A/75/5 (Vol. II), para. 57).

4. The Advisory Committee commends the Board of Auditors for the continued high quality of its reports, despite the difficulties resulting from the COVID-19 pandemic restrictions. The Committee concurs with the Board that the remote audit of peacekeeping operations was conducted exceptionally and trusts that the Board will be able to resume on-site audits, which remain critical for the Board's work, as soon as possible. The Committee also trusts that the Board will verify the effectiveness of the safeguard measures to ensure the accuracy of data collected remotely, as appropriate (see also A/75/539, para. 5).

Cooperation between the Administration and the Board of Auditors

5. Upon enquiry, the Advisory Committee was informed by the Board that, in general, the Administration demonstrated the same lack of responsiveness to audit requests and observations as in the previous year. The Board faced difficulties in establishing facts on which to base its assessment. Findings were not commented on or commented on only after deadlines had long passed, or were denied without substantial evidence, or the Administration withdrew its earlier comments.

6. The Advisory Committee was also informed, upon enquiry, that the Secretariat had acknowledged the challenges faced by the Board in conducting its 2019/20 audit owing to the unprecedented and exceptional circumstances caused by the COVID-19 pandemic. The Administration indicated that it faced its own challenges when cooperating with the Board. The Administration, however, considered that it had built a very constructive working relationship with the Board through the following structural elements: (a) the Management Committee, which holds an annual dialogue with the Board to discuss its main findings and recommendations, with the next meeting scheduled to be held in May 2021; (b) a network of audit focal points in every entity, to facilitate the work of the Board; and (c) the Oversight Coordination Section in the Business Transformation and Accountability Division of the Department of Management Strategy, Policy and Compliance, as the main interface between the Board and the Secretariat, which coordinates the Administration's responses to the reports of the Board.

¹ The audits also included 33 closed missions and the following special-purpose accounts: the peacekeeping reserve fund, the support account for peacekeeping operations, the peacekeeping cost-recovery fund and the employee benefits fund.

7. The Advisory Committee recalls its recommendation, endorsed by the General Assembly in its resolution [74/249 B](#), that the Secretary-General fully cooperate with the Board of Auditors (see also [A/74/806](#), para. 22). The Committee encourages managers to engage with the Board in order to facilitate the prompt implementation of its recommendations and foster a culture of accountability in the Organization.

II. Observations and recommendations of the Board of Auditors for the period ended 30 June 2020

A. Main observations and recommendations

Financial overview

8. It was noted in the report of the Board that the approved peacekeeping budget for the financial year 2019/20 was \$6.81 billion, representing a decrease of 4.9 per cent compared with the previous year's budget of \$7.16 billion. Expenditure decreased by 5.8 per cent in 2019/20 to \$6.71 billion, from \$7.12 billion in 2018/19. An amount of \$0.1 billion was unutilized in 2019/20, compared with \$0.04 billion in 2018/19. (see [A/75/5 \(Vol. II\)](#), figure II.I, for the trend of expenditure). The report provided an explanation for the underexpenditure of some missions in the 2019/20 period. In the United Nations Disengagement Observer Force (UNDOF), expenditure was 11.5 per cent (\$8.5 million) less than final appropriation. The underexpenditure was due mainly to higher actual vacancy rates compared with budgeted rates owing to the suspended planned rotation and deployment of uniformed personnel and the irregular higher turnover and delayed onboarding of international staff members towards the end of 2019, in connection to the COVID-19 pandemic. In the United Nations Mission for Justice Support in Haiti, expenditure was 19.9 per cent (\$10.4 million) less than final appropriation. The underexpenditure was due mainly to: (a) reduced requirements under military and police personnel attributable primarily to the earlier repatriation of United Nations police personnel and formed police units, compared with the repatriation plan that formed the basis for the budgeted estimates, and the lower freight cost for the repatriation of contingent-owned equipment, compared with budgeted estimates; and (b) the reduced requirements under operational costs attributable primarily to the earlier closure of camps and other mission premises. In the United Nations Support Office in Somalia, expenditure was 6.9 per cent (\$42.1 million) less than final appropriation. The underexpenditure was due mainly to reduced requirements under: (a) military and police personnel, owing mostly to a new lower-cost contract for rations; (b) air operations, owing mostly to delayed deployment of fixed-wing and rotary-wing air assets; and (c) other supplies, services and equipment, owing mostly to reduced requirements for freight related to shipment of rations and to a lower-cost contract for third-party warehousing services. It was indicated in the report that the total amount of budget redeployments for the financial year 2019/20 was \$196.57 million (2.9 per cent of the original budget), which is lower than in 2018/19, when redeployments amounted to \$231.63 million (3.3 per cent of the original budget) and less than in 2017/18, when budget redeployments amounted to \$232.88 million (3.2 per cent of the original budget). Further details regarding the budget redeployments at the mission level are provided in annex II (Budgetary reporting by mission) to the financial statements (chap. V) of the Board's report. The Advisory Committee provides further comments in its report on cross-cutting issues in peacekeeping operation ([A/75/822](#)) and closed peacekeeping missions.

Military component

9. With regard to the military component, the Board recalled its previous recommendation, endorsed by the General Assembly in its resolution 74/249 B, that the Administration deploy the maximum possible number of troops to protect civilians when demanded by the mandate. The Board assessed that United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA) did not conduct the planned number of patrols to protect civilians, noting that, according to the report of the Secretary-General on the budget of MINUSCA for the 2019/20 period (A/73/772), the mission should have conducted 900 daily patrols but actually conducted an average number of only 649 daily patrols (see A/74/5 (Vol. II), para. 131, and A/75/5 (Vol. II), paras. 108 and 112–114). Upon enquiry, the Advisory Committee was informed that the Administration disagreed with the Board's assessment, notably because, in 2019/20, MINUSCA had carried out longer patrols involving more troops than in previous periods. Moreover, the Administration considered that the implementation of the Mission's mandate to protect civilians should not be evaluated through the sole prism of the force deployment or patrols. Other elements, such as early warning mechanisms and preventive efforts, also should be taken into consideration.

10. In addition, the Board observed that the leadership of the United Mission Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) had found 28 severe shortfalls related to individual units or general issues. According to the Board, the Mission evaluated 25 units in 2019/20 and identified shortfalls in 12 units, related mostly to caveats and refusals to carry out orders. The Board added that, between 31 July 2019 and 28 August 2020, the Mission had identified 16 additional issues affecting individual units or the mandate implementation in relation mostly to a continuous lack of equipment. The Board considered that its previous recommendation to ensure that missions had the units and equipment that they need was still not implemented (A/75/5 (Vol. II), paras. 122–133).

11. The Advisory Committee was informed, upon enquiry, that the Administration had agreed with the Board's analysis that caveats had a negative impact on operational planning and performance. According to the Administration, the lack of a functional, agreed-upon definition of caveats had contributed to differences in interpretation between United Nations Headquarters and missions. To better address the issue, the Administration developed a working definition and established a standard reporting process to deal more rapidly with caveats and ensure closer engagement with the respective troop-contributing countries and missions. The Administration considered that those efforts contributed to a decrease in the number of undeclared caveats, from 12 reported in 2019 to 2 reported in 2020. In the case of MINUSMA, the Committee was further informed that, since 2018, a total of 29 cases of undeclared caveats had been received from the Mission, including 23 cases that had been resolved or clarified and 6 that were in the process of being addressed.

12. With respect to the recommendation to provide missions with the units and equipment that they need, the Advisory Committee was informed that the Administration had disagreed with the Board's assessment. It pointed out that, from July 2019 to June 2020, MINUSMA had evaluated and submitted to Headquarters 27 reports on unit performance, of which two units were rated with a "need improvement" and one was rated with "unsatisfactory performance". Performance improvement plans were implemented for those units.

13. The Advisory Committee was also informed that the new delegation of authority model, which is linked to the management reform, did not affect the pre-existing model of reporting and delegation of authority on substantive mandates. The Special Representative of the Secretary-General who heads a peacekeeping mission still

reports to the Secretary-General through the Under-Secretary-General for Peace Operations. The Administration considers that the auditing of substantive matters could become a problematic undertaking when seeking to determine the performance of missions in the absence in of standard frameworks of evaluation in delicate military and political matters.

14. The Committee reiterates its view that, while observations and recommendations of the Board regarding administrative and budgetary-related matters should be implemented, certain observations and recommendations that relate, among others, to the assessment, tactical deployment and engagement of military units and assets are matters under the purview of Member States and relevant organs of the United Nations (see [A/74/806](#), para. 3).

Weapons and ammunition management

15. The Board found that the new policy on weapons and ammunition management was not fully implemented by all the missions and, consequently, recommended that certain missions develop specific standard operating procedures and establish weapons and ammunition advisory boards. The missions accepted the recommendations ([A/75/5 \(Vol. II\)](#), paras. 227–238, and [A/75/793](#), paras. 45–53).

16. With regard to ammunition storage, the Board also noted that the Secretariat had issued and begun to implement, effective January 2020, a manual on ammunition management that provides for comprehensive control measures in the overall storage, safety and logistical aspects of ammunition management. The Board also noted that, on the basis of the relevant manual, troop/police contributors were responsible for the establishment and maintenance of ammunition storage containers. However, the Board found that approximately 75 per cent of the ammunition at the United Nations Mission in South Sudan (UNMISS) was not properly stored and a that a significant portion of the ammunition was unserviceable. In addition, the ammunition storage inspection reports of MINUSMA and the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo showed high amounts of unserviceable ammunition and defects in ammunition storage. The Board recommended that troop- and police-contributing countries be reminded that contingents should store ammunition and explosives according to the rules of the COE Manual and only in a quantity needed to avoid reimbursing unserviceable ammunition and explosives. The Administration accepted the recommendation ([A/75/5 \(Vol. II\)](#), paras. 239–253, and [A/75/793](#), paras. 54–55).

17. In terms of the reimbursement of ammunition, the Board recommended that troop- and police-contributing countries, in all memorandums of understanding, provide a price list of any ammunition and explosive that they would use/deploy and that ammunition be reimbursed according to the list. The Board also recommended the creation of a database based on that list in order to help to define the maximum amount of reimbursement for ammunition and explosives ([A/75/5 \(Vol. II\)](#), paras. 254–271, and [A/75/793](#), paras. 56–61). Upon further inquiry, according to the Secretariat, the memorandum of understanding eliminated the need for detailed surveys of equipment, spare parts and consumables. Requesting a price list from the contributing countries would go beyond the existing framework and require a policy change, which would, in turn, require approval of the General Assembly through the COE Working Group. The next meeting of the Working Group is scheduled for 2023. Implementation of the recommendation before then would require explicit approval of the Assembly to amend the provision contained in paragraph 30, chapter 3, annex A of the 2020 COE Manual, which is generally done by the Assembly on the basis of the recommendation of the Working Group. In the meantime, the Department of Operational Support intends to conduct a review of the historical costs of the various types of ammunition to arrive at a benchmark price for each type. This would enable

the Organization to ascertain whether it was receiving value for money and would form the basis for negotiation with Member States that submit invoices with high prices. Therefore, the Administration suggested the implementation of the recommendation following approval by the Assembly.

18. The Advisory Committee concurs with the recommendations of the Board on weapons and ammunition management.

After-service health insurance

19. The Board recalled that it had been requested by the Advisory Committee to conduct a review of the after-service health insurance in view, notably, of the fact that, because the support account could not meet a share of \$5.3 million of its after-service health insurance contribution for 2018/19, the Administration had decided that the requirement would be met in part by the unencumbered balances of nine peacekeeping operations (\$2.8 million), while the remainder (\$2.5 million) was deferred to the 2019/20 period under the support account (see [A/74/806](#), paras. 6–11, and [A/75/5 \(Vol. II\)](#), para. 58). The Board determined that the shortage of \$5.3 million was caused by the prioritization of salary payments in the support account and that the use of the unencumbered balances from peacekeeping missions had been authorized by the Controller through a memorandum dated 15 August 2019. The Board noted that the Secretariat found itself in a predicament, while acknowledging that the actions of the Secretariat were not covered under the Financial Regulations and Rules ([A/75/5 \(Vol. II\)](#), para. 63).

20. Upon further enquiry, the Committee was informed by the Board that the \$2.8 million taken from the unencumbered balances from nine missions represented the financial implications of the non-compliance with the Financial Regulations and Rules, and that other findings of the Board might have financial implications but were more difficult to quantify.

21. The Board noted that the Administration remained unable to segregate retirees into those retiring from positions under the regular budget, extrabudgetary resources and peacekeeping operations. The Board also noted that, for the valuation of after-service health insurance liabilities, the apportionment of the liabilities relating to retirees was still done on the basis of the composition of active employees in 2009, when the share of retirees from peacekeeping operations was probably lower than at present (*ibid.*, para. 66).

22. The Board recommended that the Administration determine the support account share of after-service health insurance expenditure on the basis of actual costs incurred within peacekeeping operations. The Administration accepted the recommendation and indicated that it had begun to collect the actual data of retired staff using the resources available in Umoja ([A/75/5 \(Vol. II\)](#), paras. 68–69, and [A/75/793](#), paras. 8–9).

23. On a related matter, the Board found that the United Nations cost shares assumed for the actuarial valuation of after-service health insurance liabilities, in most cases, did not reflect the higher de facto cost shares of the United Nations and the lower share currently borne by the beneficiaries. The Board therefore held that the after-service health insurance liabilities recorded in the financial statements might be understated and recommended that the Administration determine and provide to the actuary the current health-care cost-sharing between the Organization and the after-service health insurance beneficiaries. The Administration accepted the recommendation and stated that it would update the share of after-service health insurance costs on the basis of current data and reflect it in the next actuarial valuation as of 31 December 2021 ([A/75/5 \(Vol. II\)](#), paras. 70–76, and [A/75/793](#), paras. 10–11). Upon enquiry, the Advisory Committee was provided with the monthly after-service health insurance expenditure by funding sources (regular budget, support account and extrabudgetary) for the period 2017–2020. **The Advisory Committee trusts that**

updated information on monthly after-service health insurance expenditure will be included routinely in future budget submissions.

24. The Advisory Committee concurs with the recommendations of the Board and expresses again its concern about the lack of precision in the data gathered to assess and apportion the liabilities related to after-service health insurance. The Committee trusts that accurate and updated information, including on the apportionment of the liabilities, will be provided to the actuary promptly. In order to enhance transparency with budgeting, spending and reporting, the Committee recommends that the General Assembly request the Secretary-General to include a separate item line for the after-service health insurance costs in both budget submissions and financial statements (see also [A/74/806](#), para. 9). The Advisory Committee makes further comments in its report on the support account ([A/75/849](#)).

Mine action

25. The Board reviewed the partnership between the Mine Action Service and the United Nations Office for Project Services (UNOPS). The Board indicated that, for the 2019/20 period, the total budget of the Mine Action Service amounted to \$216 million, including \$156.1 million coming from assessed peacekeeping funds, of which \$147 million, or 94 per cent, was expended on UNOPS ([A/75/5 \(Vol. II\)](#), paras. 163–164). Upon request, the Advisory Committee was provided with the table below showing the overall annual volume of projects across various funding sources for which financial agreements between Secretariat entities and UNOPS had been reached under the umbrella memorandum of understanding for 2017 to 2019.

Annual volume of projects agreed between the Secretariat and the United Nations Office for Project Services, 2017–2019

	<i>Volume (United States dollars)</i>	<i>Number of projects</i>
2017	330 149 919	219
2018	337 398 777	252
2019	332 398 338	240

26. Upon enquiry regarding the different models used in mine action, the Advisory Committee was informed that, for example, the United Nations Development Programme implemented mine action programmes that focused mainly on strengthening national institutions, peacebuilding processes and victim assistance programmes in 13 countries, with an annual delivery of \$45 million. In addition, the Committee notes that demining activities undertaken by the contingents in the United Nations Interim Force in Lebanon (UNIFIL) and UNDOF could serve as a model to be explored.

27. Upon enquiry, the Advisory Committee was provided by the Secretariat with an organizational chart showing that UNOPS administered 303 international personnel and 376 local personnel on behalf of the Mine Action Service in 19 field programmes, including 115 international personnel and 183 national personnel in peacekeeping operations.

28. On the basis of its own finding and a recent audit of the Office of Internal Oversight Services (OIOS),² the Board assessed that the Mine Action Service lacked field-based practical experience and knowledge because it had outsourced almost all its mine action work to UNOPS. According to the Board, the current partnership led

² Report 2019/152, Audit of the monitoring and evaluation mechanism in the United Nations Mine Action Service, 31 December 2019.

to a lack of accountability because the Mine Action Service did not have sufficient access to information about the use by UNOPS of mine action funds (ibid., paras. 168 and 170). Upon enquiry, the Advisory Committee was informed that article X.6 of the memorandum of understanding between the two entities provided that OIOS might undertake inspections or investigations with the UNOPS Internal Audit and Investigation Group of any services or financial agreements regulated under the memorandum. In addition, article X.7 provided that the Secretariat should not initiate routine inspections and/or audits and/or examination of records more than once per biennium unless there was a serious concern with UNOPS. The Committee was also informed that the Secretariat had not invoked that provision to pursue an exceptional audit or inspection of UNOPS in the past five years.

29. The Board also assessed that using UNOPS as an implementing partner for almost all mine action activities added a layer of overhead costs, given that UNOPS did not implement mine action for the most part but used Mine Action Service funds for third-party agreements. The Board further assessed that UNOPS management fees included programme support costs for UNOPS headquarters in Copenhagen (5 per cent) and locally managed direct costs (3 per cent) (ibid., paras. 165(d) and 167).

30. The Board noted that the partnership between the Secretariat and UNOPS was based on the memorandum of understanding originally signed in August 2014, which had reached its expiration date and extended pending completion of a new agreement, and that, in this context, the Department of Peace Operations had hired a consultant to perform an independent review of the unique relationship between the Mine Action Service and UNOPS. According to the Board, the consultant selected to perform the independent review had served almost 15 years in senior positions within UNOPS. The Board added that, in violation of section 4.3 of [ST/AI/2013/4](#), no other candidates were considered (ibid., para. 165 (j)). The Advisory Committee trusts the existing rules and regulations applying to the selection of consultants will adhere to that administrative instruction.

31. The Board recommended that the Administration: (a) obtain an independent analysis by a group of experts of whether the current exclusive partnership was cost-effective and evaluate the benefits of having the Mine Action Service implement a certain share of mine action activities itself; and (b) include in the new memorandum of understanding with UNOPS clear stipulations on transparency, the utilization of existing United Nations contracts and structures, the consequences of non-compliance and the UNOPS fee structure. The Administration accepted the recommendations but indicated its intention to undertake the independent evaluation after the memorandum was revised and under implementation. It also indicated that, following a series of expert-level discussions on various topics, including fee structure, reporting requirements and asset management, the drafting of the new memorandum had commenced ([A/75/5 \(Vol. II\)](#), paras. 175–176, and [A/75/793](#), paras. 31–34).

32. The Advisory Committee concurs with the recommendations of the Board. While considering that the extension of the memorandum of understanding should be kept temporary, the Committee recommends that the General Assembly request the Secretary-General to conduct an independent and transparent review by a group of experts of the cost-effectiveness and efficient implementation of mine action in peacekeeping operations. The review should consider alternative and/or additional options, including demining activities to be performed by missions through the military contingents, direct contracting by the Mine Action Service or cooperation through implementing partners, while taking into account the different applicable techniques. The Committee trusts that the review will be shared with the Assembly for its consideration and action. The Advisory Committee makes further comments in its report on cross-cutting issues related to the United Nations peacekeeping operations ([A/75/822](#)).

Air transportation of non-United Nations passengers and cost recovery

33. With regard to air transportation, the Board recalled that the General Assembly, in its resolution [63/268](#), had requested the Secretary-General to explore all possible options for reducing the cost of air travel. However, the Board found that more than 35 per cent of MINUSMA air passengers in 2019/20 were non-United Nations passengers and that the Mission recovered only \$249,000, which represented a fraction of the associated costs. According to the Board, MINUSMA could have recovered approximately \$10 million more. The Board recommended that the Administration assess the share of non-United Nations peacekeeping operations passengers on mission flights and the amount of costs that missions had not recovered, as well as the budgetary impact on aircraft operations and fuel needs; and revise the draft policy on the transportation of non-United Nations peace operations passengers to impose clear definitions as to when non-United Nations peacekeeping operations passenger travel was essential to implementing a mission's mandate. The Administration accepted the recommendation and pledged to finalize the comprehensive cost-recovery policy in 2021 ([A/75/5 \(Vol. II\)](#), paras. 211–226, and [A/75/793](#), paras. 43–44).

34. Upon enquiry, the Advisory Committee was informed by the Secretariat that, in general, transportation services were provided to non-United Nations peace operations passengers on a space-available basis and based on a set prioritization determined by the mission, including whether such travel was considered part of or necessary for the implementation of the mission mandate. For example, in the case of MINUSMA, whose primary mandate priority is to support the implementation of the peace agreement, the Mission has provided transport to representatives of armed groups from northern Mali to attend the meetings of the agreement monitoring body in Bamako. Further to its mandate to support the efforts of Malian authorities with respect to the restoration and extension of State authority, MINUSMA also provided transport to government officials to northern and central Mali.

35. The Advisory Committee was provided with, upon request, information showing that the practice of cost recovery for air transportation for non-United Nations peace operations personnel varied greatly among peacekeeping operations. Some missions were unable to assign costs and, consequently, did not recover them (UNMISS, UNIFIL and the United Nations Mission for the Referendum in Western Sahara). Other missions, in particular MINUSCA and MINUSMA, recovered no more than 3 per cent of the costs (90 per cent of unrecovered costs were related to activities with host countries), while some other missions recovered most of the costs. **The Advisory Committee concurs with the recommendation of the Board on the air transportation on non-United Nations peace operations passengers and trusts that the revised policy will increase consistency in the cost-recovery practices of peacekeeping operations, including from contractors and other entities, while preserving the flexibility needed to facilitate mandate implementation in specific contexts.**

36. The Advisory Committee was informed, upon enquiry, that revenue from cost-recovery activities should either be credited to Member States if the revenue was non-spendable or to the cost-recovery fund if the revenue was deemed spendable. If a mission has been budgeted to provide services, any collected revenue should be classified as miscellaneous income and returned to Member States in accordance with the Financial Regulations and Rules. When there is no budget allotted to a mission to provide services, the revenue is routed to the cost-recovery fund and is allocated for expenditure. The Committee is of the view that further information is required regarding the recovery of costs and the implementation of the relevant parts of the Financial Regulations and Rules, to assess the amounts classified as miscellaneous income and returned to Member States and those routed to the cost-recovery fund and allocated for expenditure. **The Advisory Committee therefore trusts that the Board**

will review the relevant accounts and establish the correlation between allotments, expenditure, the costs recovered and the amount returned to Member States under miscellaneous income and provide an update in its next report. The Committee makes further comments on revenue through cost recovery in its report on cross-cutting issues related to the United Nations peacekeeping operations ([A/75/822](#)) and in its mission-specific reports.

B. Other observations and recommendations

Human resources management

37. In the area of human resources management, the Board found long-vacant posts in five missions, including posts that had been vacant for more than two years. Therefore, it recommended that missions establish internal controls to ensure that vacant core function posts are occupied without delay and avoid filling those posts with temporary appointments. The Board also recommended a review of posts that had been vacant or filled temporarily for two years or more and that they be proposed either for abolishment or retention with clear justification. The Administration accepted the first recommendation and indicated that missions were taking all measures necessary to fill vacant posts. It did not accept the second recommendation because it considered that the relevant review mechanism was already in place ([A/75/5 \(Vol. II\)](#), paras. 179–194, and [A/75/793](#), paras. 35–38).

38. With regard to temporary appointments, the Board noted that the relevant administrative instruction ([ST/AI/2010/4/Rev.1](#)) provides that temporary appointments may be granted to fill specific short-term requirements that are expected to last less than one year. In exceptional cases, temporary appointments can be extended up to a maximum of 729 days, but under no circumstances shall the period exceed 729 days. However, the Board found cases of the extension of temporary appointments beyond 729 days in five missions. The Board recommended that the Administration ensure that the circumstances justifying the extension of temporary appointments beyond 364 days are properly documented and that no temporary appointment exceed 729 days. The Administration accepted the recommendations ([A/75/5 \(Vol. II\)](#), paras. 195–210, and [A/75/793](#), paras. 39–42). Upon enquiry, the Advisory Committee was informed by the Administration that a total of 35 cases of temporary appointments had exceeded 729 days as at 31 July 2020, 3 of which were extended for an additional day, to 730 days, owing to a miscalculation. The Administration reached out to the entities concerned to regularize the other cases.

39. The Advisory Committee concurs with the recommendation of the Board on human resources management and expresses concern about the extended period of temporary appointments. The Committee trusts that the Secretary-General will take all the measures agreed upon to address the outstanding issues in a prompt manner and provide an update in the context of the next overview report on human resources management (see also [A/74/806](#), para. 5).

Fuel management

40. The Board found significant deviations in fuel consumption records at various missions through its analysis of fuel data recorded in the electronic fuel management system and the CarLog system. The Board found cases of fuel consumption exceeding tank capacity at MINUSCA and MINURSO; fuel consumption exceeding energy produced at MINURSO and MINUSCA; fuel consumption exceeding standard fuel consumption unit at UNSOS, MINUSCA and MINURSO; and refuelling with no odometer records at the United Nations Interim Security Force for Abyei, MINUSCA and MINURSO. The missions explained that data irregularities were due to a lack of

training for users of the electronic fuel management system and a lack of dedicated staff members to carry out timely reviews of system data (A/75/5 (Vol. II), paras. 272–273).

41. The Board expressed concern regarding the insufficient resources deployed to review and analyse the electronic fuel management system data, considering that the situation might increase the risk of fuel overconsumption and fuel fraud in the missions. It recommended that the Administration provide training to staff members responsible to ensure the proper recording of fuel data, and regularly monitor and analyse fuel consumption to identify and investigate irregular fuel consumption. The Administration accepted the recommendation (A/75/5 (Vol. II), paras. 272–275, and A/75/793, paras. 62–63).

42. **The Advisory Committee notes that the Administration could have found the anomalies identified remotely by the Board and concurs with the recommendation of the Board on fuel management and highlights the importance of monitoring and analysing fuel consumption and reinforcing internal controls.** The Advisory Committee makes further comments and recommendations in its report on cross-cutting issues related to the United Nations peacekeeping operations (A/75/822) and in its mission-specific reports.

Environmental strategy

43. With regard to the environmental strategy, the Board assessed that many missions had drafted their own energy infrastructure management plans in accordance with the standard operating procedures developed at Headquarters. The emphasis in phase one of the environmental strategy has been on supporting missions in analysing their overall power generation and consumption and on developing comprehensive plans to improve performance. The Board noted that a challenge in implementing the energy infrastructure management plan related to contingent-owned equipment coverage. The Board also noted that, although several missions had initiated on-site renewable energy projects in recent years, the amount remained small in relation to the overall energy needs of missions. In this context, the Board recommended that the Administration develop a strategy to increase the energy efficiency of power generators in missions and reduce emissions. The Administration accepted the recommendation (A/75/5 (Vol. II), paras. 277–285, and A/75/793, paras. 64–65).

44. **The Advisory Committee concurs with the recommendation of the Board on the energy strategy and highlights the importance of developing a cost-benefit analysis of the various energy sources and projects in peacekeeping operations.** The Advisory Committee make further comments in its report on cross-cutting issues related to the United Nations peacekeeping operations (A/75/822).

Assets disposal

45. The Board found that a majority of items in disposal at the African Union-United Nations Hybrid Operation in Darfur (UNAMID) had not been used and that some 3.3 million items were designated to be scrapped. On the basis of the moving average price, those items had an acquisition value of approximately \$305 million. However, the Board noted that total revenue for scrap sold as of October 2020 was approximately \$2 million. The Board recommended that UNAMID assess the reasons for the build-up of excessive assets and the challenges that it faced in disposing of them economically, and report on both issues to prevent their recurrence in other missions. The Administration accepted the recommendation while underlining the unique challenges faced by UNAMID, including complex processes for the clearance of imports, restrictions imposed by the host country, drastic changes to the Operation's mandate and the average distance of more than 2,000 km between the sea port and the mission area (A/75/5 (Vol. II), paras. 311–315, and A/75/793, paras. 71–72).

46. The Board considered that, to ensure prudent procurement, the Global Service Centre should play a central coordinating role for the assets of peacekeeping operations. It also considered that, through that centralization, maximum control and the most efficient use of the Organization's assets would be achieved (see [A/49/936](#), para. 23). However according to the Board, the role of the Global Service Centre became unclear following the promulgation of the delegation of authority framework. The Advisory Committee notes that the Regional Service Centre in Entebbe, Uganda, could also play an active role in the disposal of assets.

47. The Advisory Committee concurs with the recommendation of the Board and trusts that every effort will be made to dispose of future assets at a minimal loss for the Organization, including through transfers to other missions. The Advisory Committee makes further comments in its reports on the United Nations Mission in Liberia and UNAMID and on cross-cutting issues related to the United Nations peacekeeping operations ([A/75/822](#)).

Procurement of unmanned aircraft systems

48. The Board noted that a mission's demand for unmanned aircraft systems had risen in the past five years as they became increasingly important. The Board considered, however, that the need for those systems should be further and more regularly justified by the missions. It recommended that the Administration stipulate that missions should evaluate all requests for information and intelligence acquisition lists annually ex post facto, to support their statement on unmanned aircraft systems demand. The Administration accepted the recommendation and stated that the unmanned aircraft systems guidelines would be reviewed and updated in 2021 ([A/75/5 \(Vol. II\)](#), paras. 134–145, and [A/75/793](#), paras. 20–21). Upon enquiry regarding the procurement processes for unmanned aircraft systems, the Advisory Committee was informed by the Board that it was stated in the Financial Regulations and Rules that the “following general principles shall be given due consideration when exercising the procurement functions of the United Nations: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; (d) the interest of the United Nations”. The Board also indicated that those principles should be met by obtaining several offers for unmanned aircraft systems services describing these services as precisely as possible and using key performance indicators. Moreover, the Administration should be able to annually evaluate all unmanned aircraft systems contracts across missions to determine whether and for what reasons contractors may have not fulfilled their contractual obligations and to what extent.

49. The Advisory Committee concurs with the recommendation of the Board regarding the procurement and the justification of unmanned aircraft systems and trusts that all efforts will be made to ensure that the procurement processes are competitive.

III. Implementation of the recommendations of the Board of Auditors

A. Recommendations for 2019/20

50. The Board made 30 recommendations for the 2019/20 period, including 5 that were not accepted, 2 for which closure had been requested and 23 that were under implementation ([A/75/793](#), table 2). Apart from the recommendation on long-vacant posts mentioned in paragraph 37 above, the recommendations that were not accepted or for which closure was requested relate to the inclusion of liquidated damages in unmanned aircraft systems contracts and letters of assist, and the methodology and scope of the new funding model.

Unmanned aircraft systems

51. The Administration did not accept the recommendations to include liquidated damages in unmanned aircraft systems contracts as a standard and to only waive unmanned aircraft systems-related claims, such as liquidated damages, after officially recorded considerations and authorization by an Assistant Secretary-General, because it preferred a case-by-case approach and considered that any decision on claims should be based on appropriate legal review ([A/75/5 \(Vol. II\)](#), paras. 154–155, and [A/75/793](#), paras. 24–27). The Administration requested the closure of the recommendations to include provisions for payment or reimbursement deduction in unmanned aircraft systems contracts and letters of assist as a standard and to fulfil its own obligations of unmanned aircraft systems contracts to be able to claim liquidated damages, because it considered that proportionate reduction rates and/or payment deductions were already included in contractual documents and that it had no obligation to provide assistance to a contractor beyond what had been expressly agreed upon and set forth in the applicable contract ([A/75/5 \(Vol. II\)](#), paras. 153 and 159, and [A/75/793](#), paras. 22–23 and 28–30).

52. It is the Board's view that unmanned aircraft systems increase the security of civilians and troops in missions significantly. Contractors have to reliably provide them as contracted. Insufficient performance can harm civilians or troops because, for example, crucial intelligence is provided too late or insufficiently. The Administration needs to have all options available to motivate the contractor to fulfil the contractual obligations and to receive compensation for harm, including liquidated damages. Payment reduction adjusts the payment only to what the contractor has performed. It does not cover the fact that lives might be in danger because the contractor has not fulfilled his obligations completely. In such cases, the harm caused by the contractor's failure to fulfil the contractual arrangements cannot be usually estimated in monetary terms. Therefore, the agreed liquidated damages should represent a reasonable and fair compensation for the harm incurred. The Board considers that provisions for liquidated damages have to be part of every unmanned aircraft systems contract. The Administration should waive claiming them only after appropriate consideration and high-level authorization.

New funding model

53. The Administration did not accept the recommendations to: (a) reassess other methods for determining a more precise apportionment of costs between the regular budget and the peacekeeping budget for funding the departments covered under the new funding model; and (b) include all other entities co-financed under the support account into the new funding model because the General Assembly had not yet taken action on the proposal of the Secretary-General contained in his report [A/74/761](#). Therefore, the Administration assessed that it would be premature to develop a new proposal at this stage ([A/75/5 \(Vol. II\)](#), paras. 83–84, and [A/75/793](#), paras. 12–15). The Advisory Committee was informed, that as at 1 April 2021, the Assembly had not adopted a resolution on the item nor taken a decision to defer it.

B. Recommendations from prior periods

54. The Board indicated that, of the 108 recommendations contained in previous reports endorsed by the General Assembly, 42 had been implemented, 52 remained under implementation, 7 were not implemented and 7 had been overtaken by events. In addition, the Board recalled that, in its resolution [73/268 B](#), the Assembly had requested the Secretary-General not to implement eight recommendations contained

in [A/73/5 \(Vol. II\)](#). The Board assessed that those recommendations had been overtaken by events ([A/75/5 \(Vol. II\)](#), paras. 9–10).

55. Through its review of the reports of the Secretary-General on the implementation of the Board's recommendations, the Board determined that target dates for implementation had been moved every year further into the future, although the General Assembly regularly reminded the Administration to implement the recommendations in a prompt and timely manner. The Board highlighted the need for the following pending issues that required the implementation of recommendations from previous periods in order to be resolved: (a) MINUSCA contingents had been accommodated in poor conditions since 2017; (b) the force generation manual had been in draft form since 2016; (c) no progress had been made in implementing recommendations on integrated operational teams since 2019; and (d) the policies on welfare and recreational committees and the advance purchase policy still needed to be reviewed or issued. In addition, the Board considered that the use of rosters in the recruitment process, the force generation process in Umoja and the management of vendors should be improved (*ibid.*, paras. 12 and 14–49).

56. Upon enquiry, the Advisory Committee was informed by the Board that delays in the implementation of its recommendations might result from the fact that some managers did not see the need for implementing those recommendations. Striking examples include the recommendations on the integrated operational teams made by the Board in 2019, the implementation of which has not even started.

57. The Advisory Committee welcomes the new approach of the Board to highlight the recommendations that require urgent implementation. The Committee recalls that the General Assembly, in its resolution [74/249 B](#), requested the Secretary-General to provide a full explanation for the delays in the implementation of the outstanding recommendations of the Board, the root causes of the recurring issues and the measures to be taken. The Committee recommends that the Assembly request the Secretary-General to keep track in his reports of the initial implementation target dates of the Board's recommendations.

IV. Conclusion

58. The Advisory Committee, while recalling that the General Assembly, in its resolution [74/249 B](#), requested the Secretary-General to ensure the full implementation of the recommendations of the Board of Auditors in a prompt and timely manner, reiterates its trust that the Administration will continue to enhance its collaboration with the Board on the recommendations that have not been accepted by the Administration (and not closed pursuant to a relevant resolution of the Assembly) and on the status of the recommendations for which the Administration has requested closure (see [A/74/806](#), paras. 22, 24 and 27).

59. The Advisory Committee reaffirms that the findings presented annually by the Board in its audit reports constitute an essential pillar of the Organization's oversight framework, ensure compliance with the Financial Regulations and Rules of the United Nations and represent a valuable tool to improve its management and contribute to the efficiency and effectiveness of the peacekeeping operations. In order to present to Member States a consolidated picture of pertinent operational, managerial and administrative matters across all peacekeeping operations, the Committee is of the view that its comments on the findings of the Board are best considered in conjunction with its observations on cross-cutting issues affecting all peacekeeping operations (see [A/74/806](#), para. 28).