



United Nations

**United Nations Entity for Gender Equality
and the Empowerment of Women**

Financial report and audited financial statements

for the year ended 31 December 2020

and

Report of the Board of Auditors

General Assembly

Official Records

Seventy-sixth Session

Supplement No. 5L



**United Nations Entity for Gender Equality and the
Empowerment of Women**

**Financial report and audited
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Report of the Board of Auditors



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Note

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

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Letters of transmittal

Letter dated 30 April 2021 from the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors

Pursuant to financial rule 1202 of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), enclosed are the financial statements for the year ended 31 December 2020. These statements have been prepared and signed by the Director of the Division of Management and Administration of UN-Women.

(Signed) Phumzile **Mlambo-Ngcuka**
Executive Director
United Nations Entity for Gender Equality
and the Empowerment of Women

**Letter dated 22 July 2021 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 report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the year ended 31 December 2020.

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

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 Entity for Gender Equality and the Empowerment of Women (UN-Women), which comprise the statement of financial position (statement I) as at 31 December 2020 and the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2020 and its 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 UN-Women, 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 the auditor's report thereon

Management is responsible for the other information, which comprises the financial report for the year ended 31 December 2020, 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 management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the ability of UN-Women to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management intends either to liquidate UN-Women 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 UN-Women.

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:

- (a) 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;
- (b) 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 UN-Women;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (d) Draw conclusions as to the appropriateness of the management'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 UN-Women 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 UN-Women to cease to continue as a going concern;
- (e) 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 regarding, 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

In our opinion, the transactions of UN-Women 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 UN-Women.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

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

(Signed) Hou Kai
Auditor General of the People's Republic of China

22 July 2021

Chapter II

Long-form report of the Board of Auditors

Summary

By its resolution [64/289](#), the General Assembly established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). UN-Women provides guidance and technical support to all Member States, at their request, on gender equality, the empowerment and rights of women and gender mainstreaming. It is mandated to work in consultation with national machineries for women and civil society organizations and to operate as part of the resident coordinator system within the United Nations country team by leading and coordinating the team's work on gender equality and the empowerment of women.

The Board of Auditors audited the financial statements and reviewed the operations of UN-Women for the year ended 31 December 2020. The audit was carried out remotely from Santiago owing to the coronavirus disease (COVID-19) pandemic and included the headquarters in New York and the West and Central Africa Regional Office from 26 October to 9 December 2020 and the Regional Office for the Arab States and the country office in Jordan from 18 January to 19 February 2021.

In the present report, the Board presents the main findings and recommendations arising from its work.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with the management of UN-Women, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UN-Women as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed UN-Women operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations.

The Board also conducted a detailed follow-up of actions taken in response to recommendations made in previous years.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of UN-Women for the year ended 31 December 2020. However, the Board identified scope for improvement in the areas of enterprise risk management, voluntary contributions, information and communications technology and programme management.

Key findings

The Board's key findings are as follows:

Risk appetite and risk tolerance

It was noticed that the risk appetite and risk tolerance defined in the UN-Women enterprise risk management framework had not been operationalized or described in the relevant policies. Additionally, it was observed that the entity's definitions of risk appetite and risk tolerance, indicated in its policy, had not been incorporated into its decision-making processes related to its risk mitigation actions. In addition, the Board was not able to identify the tolerance levels used by the risk owner to retain the risk.

Certified expenditure

The Board reviewed the supporting documentation regarding projects of the West and Central Africa Regional Office and of the United Nations trust fund in support of actions to eliminate violence against women at headquarters. The Board could not find the letter of confirmation for the certification of expenditure, which is utilized to confirm and document the methodology review for the expenditure incurred in the liquidation of advances presented by the implementing partners and/or responsible parties and reviewed by the Programme Manager. In addition, the funding authorization and certificate of expenditure forms were not fully updated in accordance with the current policy.

Final performance evaluation of implementing partners

The Board reviewed the transactions with implementing partners carried out during the period from January to August 2020 and identified transactions with five partners that obtained qualified opinions in the audits corresponding to the year 2018. Of those five partners, three had been selected for projects that started after the assurance services firm had issued the respective audit reports.

Procedure for the preparation of donor reports

Management decided not to charge any fees for the editing of the narrative report to tier 2 offices. However, this decision is not reflected in the current procedure, which still establishes that tier 2 offices should pay the fee.

Treatment of non-exchange transactions

The Board reviewed the accounting policy and practices of UN-Women regarding the treatment of non-exchange transactions and noticed that there was a need to refine the policy for receivables from non-exchange transactions, specifically those originating in multi-year agreements.

Main recommendations

On the basis of the audit findings, the Board recommends that UN-Women:

Risk appetite and risk tolerance

(a) **Structure the risk appetite in a statement that determines the types and quantities of risks, with the purpose of achieving its strategic objectives expressed in quantitative and/or qualitative terms;**

(b) **Set and incorporate the risk tolerance levels to guide the process of risk assessment, in order to include the risk tolerance at the time of implementation of additional mitigation measures to reduce the risk rating or severity to an acceptable level;**

Certified expenditure

(c) **Ensure compliance with the delivery of the letter of confirmation for the certification of expenditure, demonstrating the proper percentages assigned for the documented review of expenditure for liquidation of the partner advance, in accordance with the current policy;**

Final performance evaluation of implementing partners

(d) **Make the final evaluations to the partners so that their performance is considered in new projects;**

(e) **Register and share positive or negative results obtained by the partners among UN-Women offices;**

Procedure for the preparation of donor reports

(f) **Update its procedure for the preparation of donor reports in order to reflect the actual process that should be performed by all offices during the preparation and the quality control of donor reports;**

Treatment of non-exchange transactions

(g) **Continue to refine its accounting policies and revise its contribution recognition procedures, specifically multi-year donor agreements, and add receivables and revenue where necessary, establishing an enhanced criterion for decision-making on recognizing non-exchange transactions, in line with IPSAS.**

Follow-up of previous recommendations

The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2019. Of the 17 outstanding recommendations, UN-Women had implemented 9 recommendations (53 per cent), 6 recommendations (35 per cent) were under implementation and 2 recommendations (12 per cent) had been overtaken by events. Details of the status and progress in the implementation of all previous outstanding recommendations are provided in the annex to chapter II.

Key facts

6	Regional offices
3	Multi-country offices
57	Country offices
5	Liaison offices
21	Programme presence countries
23	United Nations reform presences
1,161 staff	Employed by UN-Women
1,938 non-staff	Non-staff personnel working for UN-Women
\$472.14 million	Budget for 2020
\$535.70 million	Total revenue for the year 2020
\$439.51 million	Total expenses for the year 2020
\$37.22 million	Reserves as at 31 December 2020
\$510.75 million	Voluntary contributions for the year 2020
\$115.65 million	After-service health insurance, repatriation benefits and death benefits liability as at December 2020

A. Mandate, scope and methodology

1. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established in 2010 to support, address and contribute to gender equality and the empowerment and the advancement of women. UN-Women supports States Members of the United Nations as they set global standards for achieving gender equality and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind the equal participation of women in all aspects of life, focusing on four strategic priorities: (a) women lead, participate in and benefit equally from governance systems; (b) women have income security, decent work and economic autonomy; (c) all women and girls live a life free from all forms of violence; and (d) women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN-Women also coordinates and promotes the work of the United Nations system in advancing gender equality, and in all deliberations and agreements linked to the 2030 Agenda for Sustainable Development. The Entity works to position gender equality as fundamental to the Goals and a more inclusive world.

2. The Board of Auditors has audited the financial statements of UN-Women and reviewed its operations for the year ended 31 December 2020, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing. Those standards require that the Board comply

with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

3. The audit was conducted to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UN-Women as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations.

4. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. The Board also reviewed the operations of UN-Women under regulation 7.5 of the Financial Regulations and Rules of the United Nations, under which the Board may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the operations of UN-Women.

6. The audit was carried out remotely owing to travel restrictions following the onset of the coronavirus disease (COVID-19) pandemic. The Board adjusted its processes of analysis and utilized alternative audit procedures to obtain reasonable assurance. It is the Board's view that this remote audit was performed as an exception under unique circumstances and should not be viewed as a standard occurrence in future audits.

7. The present report covers matters that, in the Board's opinion, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with UN-Women management, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

8. The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2019. Of the 17 outstanding recommendations, UN-Women had implemented 9 recommendations (53 per cent), 6 recommendations (35 per cent) were under implementation and 2 recommendations (12 per cent) had been overtaken by events. Details of the status and progress in the implementation of all previous outstanding recommendations are provided in the annex to chapter II and in table II.1.

Table II.1
Status of implementation of previous recommendations

Report and audit year	Number of recommendations	Recommendations pending as at 31 December 2019	Implemented	Under implementation	Not implemented	Overtaken by events	Recommendations pending as at 31 December 2020
A/72/5/Add.12 , chap. II (2016)	30	2	1	–	–	1	–
A/73/5/Add.12 , chap. II (2017)	25	2	–	1	–	1	1
A/74/5/Add.12 , chap. II (2018)	16	2	1	1	–	–	1
A/75/5/Add.12 , chap. II (2019)	22	11	7	4	–	–	4
Total number of recommendations	93	17	9	6	–	2	6

9. The Board acknowledged the management's efforts towards the implementation of its recommendations. However, the Board expects UN-Women to further expedite its efforts on this matter, especially regarding the recommendation dating from 2017, which refers to the proper accounting for ineligible expenditure in prior years to avoid potential misstatements in the financial statements.

2. Financial overview

10. The outbreak of the COVID-19 pandemic in 2020 had an impact on the activities of UN-Women. Expenditure on supplies and maintenance increased to \$18.08 million in 2020 (2019: \$11.75 million). In this category, a variation of 53.83 per cent, equivalent to an increment of \$6.33 million, mainly represented the acquisition of medical supplies and communications and software products, given that a large part of the personnel and consultants are working remotely around the world or are programme execution staff assisting in the field, who required extra medical and hygiene supplies as a result of the pandemic. Furthermore, there was a decrease of 2.15 per cent in operating costs equivalent to \$2.10 million (2019: expenditure of \$97.46 million), relating to learning and recruitment costs and general management costs, utilities, rent and leases, communication costs, the remote work of the personnel and cost-sharing with other United Nations entities. In addition, there was a decrease of 61.49 per cent in travel costs for the period, which amounted to \$13.73 million (2019: \$35.66 million), given the international travel restrictions owing to the current pandemic. This decrease has been offset, however, by increased virtual communication costs for the conduct of online workshops and visits for the supervision and monitoring of project execution.

11. Regarding employee benefits liabilities, specifically annual leave, there was an increase of \$4.23 million, or 38.73 per cent (2019: liabilities of \$10.92 million), owing to the impact of staff not taking their planned leave entitlements in 2020 as a result of the COVID-19 pandemic and travel limitations to contain it.

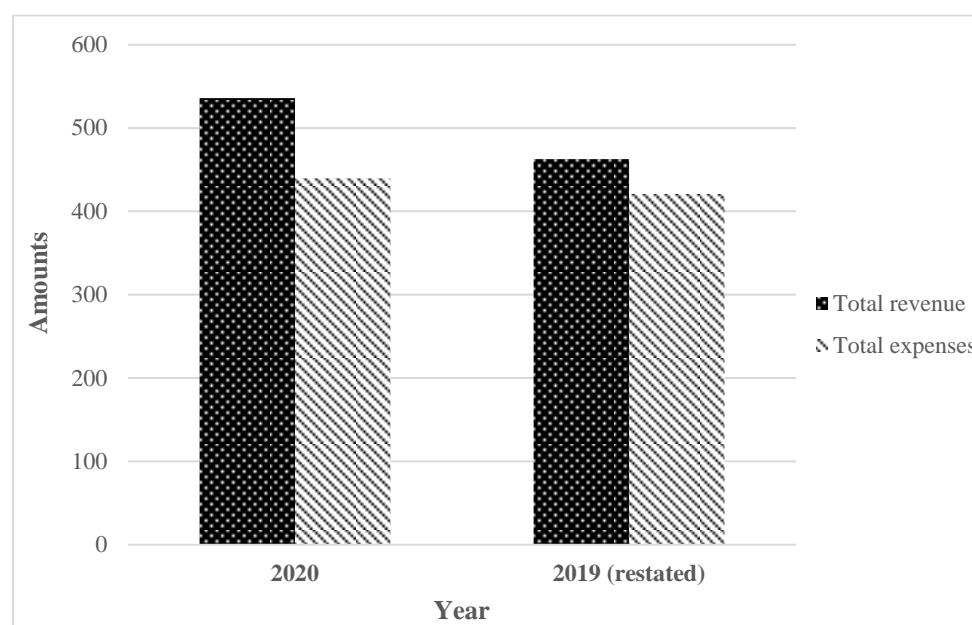
Financial performance

12. Total revenue during the year under review amounted to \$535.70 million (2019 (restated): \$462.47 million), against total expenses of \$439.51 million (2019: \$420.89 million), resulting in a surplus for the year of \$96.19 million (2019 (restated): surplus of \$41.578 million). The recorded surplus resulted from an increase in revenue from voluntary contributions totalling \$510.75 million (2019: \$435.46 million). The investment revenue amounted to \$9.37 million (2019: \$12.83 million) and other revenue amounted to \$5.78 million (2019: \$3.86 million).

13. Compared with 2019, total expenses in 2020 rose by 4.42 per cent. The most significant change was in employee benefits, which amounted to \$156.74 million (2019: \$141.83 million), specifically in salary and wages of \$106.97 million (2019: \$96.61 million) owing to the higher programming of projects, which slightly increased by 10.50 per cent; the other main variation is due to an increase of grants by \$5.26 million (2019: expenditure of \$9.16 million) related to an increase in the activities of the Spotlight Initiative. An increase equivalent to 17.22 per cent for contractual services was recorded in 2020 (expenditure of \$134.41 million) compared with 2019 (expenditure of \$114.66 million) and related directly to the implementation of programmes as a result of the increase in the hiring of local and international consultants on fixed-term appointments for training and research. A comparison of revenue and expenses for the financial years 2020 and 2019 is illustrated in figure II.I.

Figure II.I
Financial performance pattern for 2019 and 2020

(Millions of United States dollars)

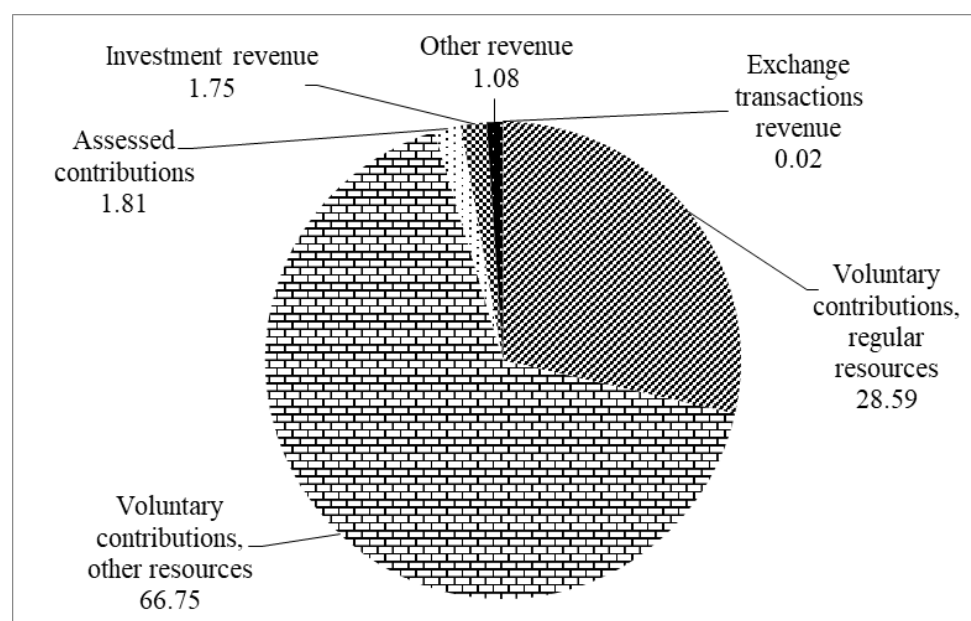


Source: Board analysis of UN-Women financial statements for the year ended 31 December 2020.

14. The total revenue reported by UN-Women amounted to \$535.70 million (2019 (restated): \$462.47 million), an increase equivalent to 15.82 per cent. Voluntary contributions amounted to \$510.75 million (2019 (restated): \$435.46 million), representing 95.34 per cent of total revenue for 2020. The voluntary contributions are mainly represented by other resources, earmarked for specific programmes and projects, which increased by 12.67 per cent to \$357.58 million (2019 (restated): \$317.36 million). The regular resources, or core contributions, increased by 29.69 per cent to \$153.17 million (2019 (restated): \$118.10 million). Figure II.II illustrates the sources of revenue for 2020.

Figure II.II
Revenue by source in 2020

(Percentage)



Source: Board analysis of UN-Women financial statements for the year ended 31 December 2020.

Financial position

15. UN-Women had total assets of \$1,049.46 million, total liabilities of \$173.62 million and total net assets of \$875.84 million. Of its total assets, \$508.68 million, equivalent to 48.47 per cent, represented balances in cash and cash equivalents and short-term investments. Current assets amounted to \$750.45 million against current liabilities of \$59.23 million, resulting in net current assets of \$691.22 million. The significant excess of current assets over current liabilities demonstrates good short-term financial health.

16. In 2020, cash and cash equivalents were \$164.79 million (2019: \$145.36 million), reaching an increment of 13.36 per cent, owing to higher voluntary contributions received. With respect to investments, the distribution of those held to maturity was 53.35 per cent in money market instruments, amounting to \$272.31 million (2019: \$109.72 million) and 46.65 per cent in bonds and notes, amounting to \$238.14 million (2019: \$263.81 million). The account movements are due to the increase or decrease of portfolio elements and the variation in the fair value of the investments held by the Entity. Accounts receivable as at 31 December 2020 amounted to \$9.89 million and decreased by 64.83 per cent compared with 2019 (\$28.12 million). The decrease was due mainly to the receipt of contributions from the United Nations Secretariat prior to the end of the 2020 financial year.

17. Current liabilities relating to employee benefits increased by \$4.73 million (2019: \$1.70 million). Annual leave balances increased by \$4.23 million (2019: \$1.30 million), owing largely to the impact of staff not taking their planned leave entitlements in 2020 as a result of the pandemic and the use of travel limitations as a means to contain the pandemic.

18. An increase in the annual leave balance was expected as a result of the exception applied to staff rule 5.1 on annual leave, whereby staff members were able to transfer up to 15 days of accumulated annual leave in excess of the instalment (60 or 18 days, as applicable) beyond 31 March 2021.

19. Table II.2 contains key financial ratios derived from the UN-Women financial statements for the year ended 31 December 2020.

Table II.2
Ratio analysis

<i>Description of ratio</i>	<i>31 December 2020</i>	<i>31 December 2019 (restated)</i>
Current ratio^a		
Current assets: current liabilities	12.67	12.57
Total assets: total liabilities^b		
Assets: liabilities	6.04	6.29
Cash ratio^c		
Cash and short-term investments: current liabilities	8.59	7.34
Quick ratio^d		
Cash and short-term investments and accounts receivable: current liabilities	11.83	11.64

Source: Board analysis of UN-Women financial statements for the year ended 31 December 2020.

^a A high ratio indicates an entity's ability to pay off its short-term liabilities.

^b A high ratio is a good indicator of solvency.

^c The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

^d 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.

20. The overall financial ratios in 2020 increased compared with those of the previous year, which indicates that UN-Women had a good liquidity position. The current assets of UN-Women as at 31 December 2020 were \$750.45 million, or 12.67 times the current liabilities of \$59.23 million, indicating the Entity's ability to meet its short-term financial obligations with its most liquid assets. The significant increase in current assets resulted from the increase in cash in money market accounts, term deposits and commercial paper. Similarly, total assets of \$1,049.46 million exceeded total liabilities of \$875.84 million, which indicates a healthy financial position.

21. The cash ratio increased, from 7.34 in 2019 to 8.59 in 2020, indicating that the current liabilities are covered by cash equivalents and invested funds, with an increase of 13.36 per cent in cash and cash equivalents. The quick ratio indicates that the short-term liabilities were covered in 2020 by 11.83 times the cash and short-term investments and accounts receivable, showing more liquidity and solvency compared with 2019. All ratios indicate an increase in liquidity and solvency in 2020 compared with the previous two years.

Financial statements

22. Various suggestions were made by the Board for enhancement of the policy for the accounting of non-exchange transactions to be reflected in the financial statements for the year ended 31 December 2020. As a consequence, prior-year information for 2019 has been restated over what had previously been reported to allow for comparison. This restatement and the Board's suggestions were reflected in the final version of the statements.

3. Enterprise risk management

Risk appetite and risk tolerance

23. Enterprise risk management provides a framework that has been successful around the world in organizations of all types and sizes, helping with the process of identifying and assessing risks in order to manage them and prepare the organization's strategy. In the case of UN-Women, the bases of this framework are found in the Entity's risk management policy, in which it is stated that effective risk management is a key element of good governance and provides reasonable, but not absolute, assurance that significant risks are identified and monitored, enabling timely action and ensuring that opportunities are maximized with confidence that the related risks will be managed.

24. It is stated in the same policy that risk appetite is the degree of risk, on a broad-based level, that UN-Women is willing to accept in pursuit of its strategic objectives. For different types of risks (four categories were defined: contextual, strategic, operational, and fiduciary and safeguarding), UN-Women may have different levels of tolerance or boundaries within which risks may be considered acceptable, which is defined as risk tolerance, thereby creating yardsticks to help first line of defence managers make risk trade-off decisions.

25. In accordance with the policy, the Business Review Committee, acting as the risk management committee, recommends the overall risk appetite for the organization for decision by the Executive Director (or a delegated authority). In addition, the Business Review Committee recommends the individual risk tolerance boundaries for implementation by heads of functions and business process owners.

26. The aforementioned policy provides its definition of risk appetite and risk tolerance. In addition, it mentions who has the responsibility for recommending overall risk appetite and risk tolerance for UN-Women. However, the Board could not identify the limits or levels of exposure to relevant risks that can be accepted to deliver on the organization's mandate and objectives and keep the organization focused on its strategy.

27. Regarding the risk tolerance levels, the Board could not verify how they were used to enable day-to-day decisions and determine the mitigating actions. It should be noted that the risk management procedure indicates that the risk owner may choose to accept or retain the risk on the basis of three criteria, one of them being that the risk rating or severity is within the agreed-upon tolerance levels. Nevertheless, the Board could not identify what the aforementioned tolerance levels were.

28. The Board considers that not having defined levels of risk that the Entity is willing to assume, or risk appetite, may directly affect the probability of it achieving its strategic objectives and having valuable information in order to adjust the strategy in an increasingly complex context and with increasing challenges.

29. The Board considers it important that UN-Women establish tolerance statements that can help it to form the boundaries of acceptable variation in performance related to objectives and therefore keep the organization focused on strategies that can be incorporated into a risk management process.

30. The Board acknowledges that this is a long process that requires careful analysis and significant efforts by UN-Women to implement risk appetite and risk tolerance as part of the risk management maturity process.

31. The Board recommends that UN-Women structure the risk appetite in a statement that determines the types and quantities of risks, with the purpose of achieving its strategic objectives expressed in quantitative and/or qualitative terms.

32. **The Board recommends that UN-Women set and incorporate the risk tolerance levels to guide the process of risk assessment, in order to include the risk tolerance at the time of implementation of additional mitigation measures to reduce the risk rating or severity to an acceptable level.**

33. UN-Women accepted the recommendations.

Enterprise risk management training

34. The three lines of defence model has been used successfully for years and has allowed organizations to pay attention to a risk management and control model. The premise of the three lines of defence model is that each area within the organization has a clearly defined and specific role to play. When each area performs its assigned task effectively, the likelihood that a risk will slip past all of the defence lines and penetrate the organization diminishes.

35. The three lines of defence model depicts three groups on which senior management and the Board can rely in detecting and addressing risk. As the first line of defence, operational management manages the organization's risks by implementing and maintaining effective internal control procedures on a day-to-day basis.

36. In accordance with the aforementioned risk management policy, the roles defined as part of the first line of defence inside UN-Women are the risk manager and/or risk owner and the risk focal point.

37. The second line of defence is made up of several specialist risk management and compliance functions that work to make sure the first-line-of-defence controls are designed appropriately and operating as intended. UN-Women conducts its own risk assessments, develops risk management programmes and alerts management to emerging issues and changing regulatory risk scenarios.

38. The Internal Audit Service has a high level of independence and objectivity and serves as the organization's third line of defence, reviewing controls and risk management procedures and identifying problems.

39. The success of the aforementioned model guided UN-Women to establish enterprise risk management, which is a platform for monitoring, learning and improving the company's performance and allows for identifying and comprehensively managing risk. In accordance with the risk management policy, effective risk management is a key element of good governance and provides reasonable assurance that significant risks are identified and managed actively.

40. Regarding the roles and responsibilities defined in the risk management policy, the Board reviewed the training received by risk managers and owners and risk focal points acting as the first line of defence in 2020 with regard to risk management.

41. The Board identified that only fraud and corruption courses are mandatory for all personnel. Considering that the training in enterprise risk management is done once a year, it was observed that the frequency of the training was not enough to cover the staff assigned to the new roles of risk owner and risk focal point. In addition, it was found that training in enterprise risk management was not mandatory for all the staff.

42. Furthermore, it was observed that there were new personnel in the roles of risk owner and risk focal point who had assumed their new roles after the training courses had been conducted. Therefore, they may not have had the necessary training to be prepared in the matter to appraise a risk assessment properly.

43. The Board considers that the timely identification and assessment of risks are vital processes for the continuity of operations and fulfilment of the mandate of

UN-Women. The annual risk assessments are key in this process, as they provide information on the current situation of each UN-Women risk entity (field offices or functions and sections of headquarters).

44. In addition, part of the first line of defence is UN-Women staff being trained in enterprise risk management issues, since this model requires the participation and awareness of all staff, not just senior managers.

45. Likewise, the personnel assigned as risk owner and risk focal point must have timely training in enterprise risk management, including at a senior staff level, which would allow for the annual evaluations to be conducted with a greater awareness of the importance and impact of the process.

46. The inadequate preparation of personnel could mean that important processes are carried out without consideration of the real impact and relevance of those significant risks for UN-Women. Thus, the Board considers that some risks may not be identified or assessed adequately, leading to UN-Women not being able to mitigate them in time.

47. The Board recommends that UN-Women include and increase the frequency of mandatory training on enterprise risk management at different staff levels. This should start with the risk owners and risk focal points of each risk entity and subsequently be rolled out to all staff and personnel who are responsible and accountable for annual work planning and performance reporting.

48. The Board recommends that UN-Women evaluate whether the training on enterprise risk management should apply to staff and/or personnel in specific grades.

49. UN-Women accepted the recommendations.

Standardized risk register template

50. The UN-Women risk management policy, issued in 2020, establishes an annual risk assessment that shall be carried out for all risk entities, which are field offices or functions and sections of headquarters, considering and including all possible risks that might impair the achievement of outputs and evaluating the possible mitigation strategies to address those risks.

51. The 2020 risk management procedure for UN-Women includes 24 risks classified into four primary categories: contextual, strategic, operational, and fiduciary and safeguarding. The procedure establishes that in carrying out a risk assessment, the work teams should assess all of the 24 risks. The assessment should include a description of the uncertain event, the root cause and the event's potential impact. In addition, the procedure contains guidelines with regard to evaluating the likelihood and impact of the risks that consider whether an event occurred in the past and its probability of happening again and examples of possible impacts in terms of cost, timing and reputation.

52. Furthermore, it is established in paragraph 10 of the annual risk assessment guidance of UN-Women for 2020 that the 24 risks classified in the four categories must be evaluated individually. This assessment should be completed using the standardized risk register template and, once complete, all the risks rated as moderate or high, and the four fraud risks no matter their rating, will be uploaded to the enterprise risk management OneApp platform, which captures risks that have been identified and evaluated for each risk entity.

53. The Board reviewed all the available standardized risk register templates of the 10 risk entities of the Arab States region, including seven country offices of the

Regional Office for the Arab States and two programme presences. It was observed that only the Regional Office and the country office in Jordan had evaluated all 24 risks, while the other eight offices considered some risks as not applicable and did not evaluate their likelihood and possible impact. Natural disasters and climate change, operational support, donor relationship management and sexual harassment or sexual exploitation and abuse were included among the non-applicable risks. The Regional Office's risk focal point explained that offices evaluated some of the risks by mixing them with others, for example, "safety and security" was considered in the evaluation of the risk on "occupational safety and health".

54. In addition, the Board compared the information included in the templates with that in the enterprise risk management OneApp platform, identifying some differences between both risk evaluations, as follows:

(a) The Regional Office for the Arab States evaluated all 24 risks using the template and uploaded all the moderate and high risks to the enterprise risk management OneApp, except for one risk rated as moderate in the template but not uploaded to the platform;

(b) The country office in Egypt evaluated 13 of the 24 risks using the template, uploading all of them to enterprise risk management OneApp, no matter their risk rating;

(c) The country office in Jordan evaluated the 24 risks using the template. However, three risks were uploaded with a lower rating to the enterprise risk management OneApp and four were uploaded with a higher rating. Also, only the risks rated moderate and high were included in the enterprise risk management OneApp;

(d) The country office in Lebanon evaluated 19 risks using the template and uploaded all the evaluated risks to the enterprise risk management OneApp, no matter their ranking;

(e) The country office in Morocco evaluated 14 risks using the template; one of them was uploaded with a lower rating to the enterprise risk management OneApp and one fraud risk was evaluated but not uploaded;

(f) The country office in Palestine evaluated 23 risks in the template, but 12 risks rated as moderate and the four fraud risks were not uploaded to the enterprise risk management OneApp;

(g) The country office in Tunisia evaluated 10 risks using the template, but five risks (moderate to very high) were not uploaded to the enterprise risk management OneApp, two risks were uploaded with a lower rating and two were uploaded with a higher rating. The fraud risks were not evaluated in the template, but they were uploaded to the enterprise risk management OneApp;

(h) The programme presence in Libya evaluated nine risks using the template and uploaded all of them to the enterprise risk management OneApp, no matter their rating, without differences;

(i) The country office in Iraq did not complete the template, creating 13 risks directly in the enterprise risk management OneApp. All the risks considered as applicable were uploaded, no matter their rating. Two fraud risks were not included;

(j) The programme presence in Yemen did not use the template to evaluate the risks, uploading 11 risks directly to the enterprise risk management OneApp. The four fraud risks were not uploaded.

55. In observing the differences between the information in the templates and the risk register in the enterprise risk management OneApp platform, the Board identified

that the country office in Iraq and the programme presence in Yemen did not complete the standardized risk register template, creating the risks directly in the enterprise risk management OneApp. In this process, both offices created all the evaluated risks, no matter their risk rating. A similar situation was observed for the Egypt and Lebanon country offices and the programme presence in Libya, where all the evaluated risks were created in the enterprise risk management OneApp without being discriminated by their risk rating.

56. The Regional Office's risk focal point explained that the aforementioned differences were due to the risks being re-evaluated before being created in the enterprise risk management OneApp platform, as part of the quality assurance process. The re-evaluations were not documented as reviewed versions of the templates.

57. The Board considers that not evaluating all 24 risks for each risk entity could have an impact on the timely action of UN-Women to manage its risks properly. Moreover, the absence of a reviewed version of the templates may hinder the possibility of identifying the changes made in the re-evaluations and monitoring the risks re-evaluated as low. When a risk is evaluated as moderate or high in the template and then is not created in the enterprise risk management OneApp because of a lower risk rating obtained in the re-evaluation, it is impossible to identify which factor – likelihood or impact – has been reduced.

58. It is important that offices evaluate all of the 24 risks that are part of the standardized risk register template, as this tool was prepared to cover all the areas within the scope of the UN-Women enterprise risk management framework. The assessment will allow all risk entities to identify their risks in a timely manner and properly prepare mitigation actions. In the case that some risks do not apply to a risk entity, the office should include a brief explanation of why the risk is not applicable and why it would not be evaluated.

59. The Board considers that the differences between the template and the enterprise risk management OneApp are evidence of the necessity of reviews of the evaluations performed by the risk entities as part of the quality assurance process. If there were revised versions of the templates, they would show the changes in the evaluations, clearly setting the likelihood and impact considered, which are needed to monitor the risks.

60. In addition, the Board considers the decision by some offices to create in the enterprise risk management OneApp platform all of the evaluated risks, and not only the ones rated as moderate or high, as a positive one as it allows for all the evaluated risks to be kept visible and updated in the same tool.

61. The Board recommends that UN-Women update the established guidelines on risk assessment, including the standards and requirements for all the risk entities when any of the 24 risks are not applicable.

62. The Board recommends that all risk entities of UN-Women evaluate all 24 risks using the standardized risk register template before creating the risks in the enterprise risk management OneApp.

63. The Board recommends that all risk entities of UN-Women keep the most up-to-date standardized risk register template, which should include all the changes resulting from the risk assessment process.

64. UN-Women agreed with the recommendations.

Enterprise risk management OneApp risk register and users

65. Paragraph 5.6 of the UN-Women risk management policy provides for the performance of a risk assessment by all field offices responsible for the

implementation and oversight of programmes or projects and headquarters sections that are responsible for the support and oversight of those field offices (risk entities). The risk assessment is the process of identifying applicable risks, evaluating and measuring the risks and determining the appropriate mitigation actions for those identified risks.

66. The risk management procedure establishes that once this evaluation has been performed and reviewed, all the risks rated as moderate or high will be uploaded to the enterprise risk management OneApp platform.

67. To perform these processes, each risk entity needs at least two people working as risk focal points and risk owners. In accordance with the risk management policy and the user guide for the enterprise risk management OneApp, the risk focal point is the person designated to coordinate the process of undertaking the risk assessments and to provide periodic updates. The risk owner is the person who has the overall accountability for all risks and mitigation actions, including reviewing, monitoring and reporting the risks and ensuring that mitigation actions are undertaken. Additionally, the two roles need to be designated in the enterprise risk management OneApp platform, as these roles have different profiles in the system. The risk focal point has access to create, view and edit risks and mitigation actions. The risk owner has the same privileges and access to review and remove risks.

68. The Board reviewed the personnel listed as risk focal points and risk owners for all risk entities of UN-Women provided by the Risk Management Specialist at headquarters and the list of users assigned these two roles in the enterprise risk management OneApp platform. Comparing both lists, the Board noticed some discrepancies between both sources of information, as follows:

(a) There were four cases of personnel identified as risk focal points but not assigned in the platform under this role. All the cases were corrected during the audit visit;

(b) There were 10 cases of personnel assigned as risk focal points in the platform but not included in the list of risk focal points. All the cases were corrected during the audit visit;

(c) There were 31 cases of personnel assigned as risk owners in the platform but not included in the list of risk owners. Seventeen of these cases belong to inactive or closed offices, but as at the date of the audit review, they were still present in the enterprise risk management OneApp platform with personnel assigned. Fourteen remaining cases were corrected during the audit visit;

(d) There were two cases of personnel assigned in the platform with both roles for the same risk entity. Both cases were corrected during the audit visit;

(e) There was one case of separated staff assigned in the platform as a risk focal point after the separation date. The case was corrected during the audit visit;

(f) Regarding the contract type of personnel with these roles, the Board identified one United Nations Volunteer, seven consultants and 11 service contract holders as risk focal points.

69. The Board considers that not having proper registration of these specific roles could hinder the process of evaluating risks. Additionally, the Board considers that this process should be performed by personnel with the proper knowledge and experience of the Entity's matters, which may not be assured with United Nations Volunteers, consultants and service contract holders.

70. The Board considers the risk assessment as a key procedure to be performed by each risk entity, as risk management is an integral part of the decision-making process

and not a separate initiative and it needs to be presented as a permanent exercise. In order to accomplish this procedure, each risk entity needs to have at least one risk focal point and one risk owner. In the case that one or both roles have no personnel assigned in a risk entity, new personnel need to be designated for the vacant roles.

71. The relevance of the process requires qualified personnel involved with the UN-Women operations and mandate to have responsibility over it. The Board considers that United Nations Volunteers, consultants and those performing contractual services may not be the appropriate personnel to perform this process.

72. The absence of an appropriate assignation of these roles may lead to a risk assessment being completed as a to-do task near its due date, without the proper analysis, missing the opportunity of identifying risks at an early stage.

73. In that sense, the Board considers it necessary to include all evaluated risks in the enterprise risk management OneApp risk register, including those rated as low. However, the Board acknowledges that it is the only online database with all evaluated risks for UN-Women, and owing to the context of the current UN-Women risk management system capabilities and limitations, the Board considers that including all the evaluated risks could result in an increased administrative burden that could also lead to a slowing down of the system resulting from the high volume of risks uploaded to the enterprise risk management OneApp platform.

74. In the Board's opinion, early identification of the appropriate roles would allow UN-Women to detect its significant risks, which would contribute to enhancing its risk assessment process.

75. The Board recommends that UN-Women update the correct designation of risk focal points and risk owners, ensuring that no risk entity has one or both roles undesigned or designated to separated personnel in order to avoid the misplacement of responsibilities.

76. The Board recommends that UN-Women perform on a regular basis reviews of the users assigned in the platform to the roles of risk focal point and risk owner, increasing the current frequency of the reviews with the purpose of keeping information up to date.

77. The Board recommends that UN-Women enhance its risk management system for the optimal inclusion of all evaluated risks in the enterprise risk management OneApp platform in order to improve the visibility of all risks and facilitate the quality assurance process.

78. UN-Women agreed with the recommendations.

Risk identification and register

79. A proper risk assessment helps to identify tomorrow's risks that need to be managed today and ensure that the organization's exposure to risks is well understood. In the case of UN-Women, risks are identified by considering potential future events and are assessed for significance on the basis of the likelihood and impact of the described event.

80. In accordance with the UN-Women risk management policy, the mitigating actions describe the measures put in place to respond to the risk and how these measures will either address the likelihood of the risk occurring or reduce the impact of the event if it occurs. According to the Entity, the responsibility for the evaluation of mitigation actions to ensure that they are adequate, time-bound and measurable rests with risk owners jointly with risk focal points.

81. Similarly, the identification and evaluation of corruption risk, which was included in the United Nations system-wide common definition of fraud, was analysed; it could be defined as the offering of anything of value to influence the actions of another party. During the audit, the “Fraud risk assessment guidance” was implemented to define nomenclature for fraud risk types. There are 19 types of fraud risk and/or factors that must be assessed in this guidance, several of which included, as a root cause, corrupt practices.

82. The Board reviewed and analysed the data relating to all risks uploaded to the enterprise risk management OneApp platform in 2020. The results were the following:

(a) Regarding fraud risk, it was identified that around 51.5 per cent of the total risk entities registered in the enterprise risk management OneApp platform had filled out the standardized fraud risk register template for 2020 (recorded in the SharePoint website). In addition, in the data risk register for 2020 from the enterprise risk management OneApp platform, 26.8 per cent of the total risk entities of UN-Women identified fraud as a risk in the year 2020. Additionally, in October 2020 the Entity promulgated the new “Fraud Risk assessment guidance” document to enhance the fraud risk assessment and stated that the process would be implemented in 2021;

(b) Before the implementation of the “Fraud risk assessment guidance”, the number of risk entities that had identified the impact of corruption-related risk in the year 2020 was analysed. The Board selected the countries registered in the top 20 of the Corruption Perceptions Index with the worst indicator and compared them with the risk entities in those countries in the enterprise risk management OneApp. The result was that eight risk entities matched with the countries identified in the Corruption Perceptions Index and only one risk entity directly identified the impact of corrupt practices on the existing fraud risk categories. The other seven risk entities, whose countries which ranked in the top 20 in the context of existing controls, did not directly recognize the impact of corruption-related activities in their fraud risk assessment. On the basis of the foregoing, the assessment performed by UN-Women took into consideration all the controls in place to prevent the risk of fraud resulting from corruption-related activities leading to an assessment of a low impact on those risk entities;

(c) Regarding the mitigation actions, the programme area related to the delivery of projects and programmes was analysed and it was identified that the actions could not be assessed. For example, it was mentioned that owing to the COVID-19 crisis, one of the actions would “improve the monitoring of programmes and delivery”; however, that statement did not give enough information to assess the impact of the mitigation measure. It was also not possible to determine from that statement how frequently the mitigation action should be implemented.

83. Examples of these incomplete assessments may inherently increase the risk of corrupt practices (in the same way as a natural disaster or the recent pandemic), which must be recognized in the risk assessment. Moreover, the definition of non-measurable mitigation actions to respond to the identified risks could result in an incorrect or inadequate mitigation action.

84. The impact of corrupt practices is one perspective of fraud. The Board’s assessment was focused on that perspective in those risk entities where the operating environment involved a risk of corruption or any other external indicator that should be considered by the risk entities. A mitigating action may reduce the likelihood of the risk occurring or its impact, or both. In consequence, good mitigating actions facilitate the better achievement of objectives.

85. The Board recommends that UN-Women establish that the Chief Risk Officer, working with the risk management function, determine the guidelines on those cross-cutting risks in UN-Women and implement a review at the central level through the headquarters risk management function and the regional office risk management functions, analysing and determining to which risks UN-Women is exposed.

86. The Board recommends that UN-Women ensure that the risk owners and risk focal points examine the procedures regarding how the controls or mitigation actions for risks are identified to ensure that they include clear, measurable, quantifiable and time-bound actions to guarantee that the likelihood and/or the impact of the risk identified can be sufficiently reduced or mitigated.

87. UN-Women agreed with the recommendations.

4. Voluntary contributions

Coordination levy

88. In its resolution [72/279](#), the General Assembly decided to provide sufficient funding to the resident coordinator system, in line with the report of the Secretary-General ([A/72/684-E/2018/7](#)), on an annual basis as from 1 January 2019. A first initiative to do so is a 1 per cent coordination levy on tightly earmarked third-party non-core contributions to United Nations development-related activities, to be paid at source.

89. On 12 March 2019, the Secretariat provided operational guidance on the payment of the 1 per cent levy on tightly earmarked third-party non-core contributions to United Nations development-related activities. The guidance established that, when the donor chose agency-administered entities of the United Nations, these would maintain a list of all signed agreements that were subject to the levy and then share it on a quarterly basis with the Secretariat for its use in estimating future receipts of the levy. The guidance also established that the United Nations entities would add up the levies received during the preceding quarter and transfer them to the Secretariat and provide a list of all levies received from donors that were included in the transfer.

90. The Board analysed quarterly reports (first, second and third quarter) and reviewed the dates of signed agreements subject to the coordination levy that UN-Women had sent to the Secretariat. Those reports reported 35 agreements signed in the first three quarters of 2020.

91. The Board identified some delays that should have been reported in the agreements, including one agreement from 2019. UN-Women explained that, before agreements are approved in the donor agreement management system, they are processed internally. Therefore, and owing to the timing of quarterly reporting to the Secretariat, some agreements may not be included in the same quarterly reporting as when they are signed.

92. In addition, through the revision of the unique identifier (donor agreement management system identification), the Board noted that seven agreements had been reported in two different quarterly reports (a report corresponding to the date of signature and a report dated later). UN-Women explained that the signed agreements subject to the levy had been reported again in the quarter in which they were paid, so that the Secretariat could compare the payments against the agreements.

93. With the objective of verifying that all the agreements subject to the coordination levy had been included in the reports to the Secretariat in a timely manner, the Board analysed a sample of agreements registered in the UN-Women

donor agreement management system internal platform. The Board identified four agreements that had not been reported at that time, even though they were signed during the first three quarters of 2020.

94. According to UN-Women, this happened because the agreements had not yet been approved in the donor agreement management system. The Board reviewed the status dates and noticed that, while the agreements had been signed, some internal steps were pending, such as the creation of codes in the Atlas enterprise resource planning system and the related approvals.

95. The Board also reviewed the agreements' information included in the quarterly reports, comparing the data reported against the signed agreements. The Board identified nine agreements with discrepancies related to the contributions and four related to the coordination levy amounts. Those discrepancies included one case in which only the first payment was included instead of the total contribution and total coordination levy.

96. Furthermore, the Board noticed that one agreement, included in the reports to the Secretariat, had a higher levy than the 1 per cent established. It is worth mentioning that the coordination levy clause inserted into that agreement by the donor was 22,195 euros, equivalent to a 5 per cent levy. However, said amount corresponded to 8 per cent of the project contribution. UN-Women stated that the amount of the levy noted in the agreement and agreed by the donor was the correct amount and acknowledged a mistake in the percentage rate established in the agreement.

97. The Board observed that there was an insufficient review of the reports sent to the Secretariat, given that they showed differences in the information contained in the agreements related to the contributions and coordination levy amounts. In addition, some agreements had been repeatedly registered in two different quarterly reports, without an explanation of whether the second instance was a correction and the first instance should have been replaced, or whether it was an amendment and the amounts should have been replaced or added, or whether they were included again because they had been paid during that quarter.

98. The aforementioned discrepancies and inaccuracies in the reports to the Secretariat reveal a lack of control over the information reported. The Board acknowledges that the reports on the levy received and paid were reconciled to the UN-Women liability account on a quarterly basis and that no underpayment/overpayment to the Secretariat for the levy was received by UN-Women from its donors. However, in the Board's opinion, controls should be in place regardless of whether, as in these cases, there was an impact on the financial statements.

99. The Board is of the view that the lack of adequate review may lead to inaccurate reports to the Secretariat, which may raise further questions and lead to corrections to the reports, making the process inefficient.

100. The Board considers it important that the agreements be subject to this charge in a proper manner, and in line with the levy established by the General Assembly, in order to calculate the contributions for projects and the coordination levy properly. Overcalculating where a donor proposes a higher coordination levy than 1 per cent may unnecessarily decrease the funds available for project execution. (With regard to General Assembly resolution [72/279](#), the levy is 1 per cent of the overall amount.) However, it is also noted that the donor can always offer to contribute a higher levy amount.

101. UN-Women stated that it had revised a standard operating procedure in December 2020 to include improvements in the process, such as adding comments to the reports to specify the reason for repeating agreements in different quarterly reports, the requirement of approval of the agreements in the donor agreement

management system before including them in the reports, and a verification step before the submission of the reports to the Secretariat.

102. Considering that the measures reported by UN-Women are still to be put into effect, their implementation will be analysed in the next audit.

103. The Board recommends that UN-Women implement a review process on the information reported to the Secretariat to ensure that it is consistent with the signed donor agreements.

104. UN-Women agreed with the recommendation.

Treatment of non-exchange transactions

105. In accordance with paragraph 31 of IPSAS 23: Revenue from non-exchange transactions (taxes and transfers), an inflow of resources from a non-exchange transaction that meets the definition of an asset shall be recognized as an asset when: (a) it is probable that the future economic benefits will flow to the organization; and (b) the fair value can be measured reliably.

106. In addition, it is specified in paragraph 35 that an inflow of resources is “probable” when the inflow is more likely than not to occur.

107. With regard to the recognition of revenue from non-exchange transactions, the same standard is applicable. It is established in paragraph 44 of IPSAS 23 that an inflow of resources recognized as an asset shall be recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

108. For UN-Women, the guidelines, practice and guidance on the application of IPSAS are set up in its accounting policy of 2017.

109. The Board discussed the accounting policy and practices regarding the treatment of non-exchange transactions with UN-Women, indicating that there was a need for the Entity to refine its accounting policy for receivables for non-exchange transactions, specifically for multi-year agreements.

110. It is stated in paragraph F.14.2.1.6 of the accounting policy that revenue from non-exchange transactions is recognized to the extent that the transaction creates an asset without a corresponding deferred revenue liability.

111. In addition, it is established in paragraph F.14.2.1.9 that revenue is recorded on the basis of payment schedule or milestone. Thus, in case of a multi-year agreement, revenue is recognized for each calendar year of the agreement rather than only in the first year of the agreement.

112. The Board selected a sample of 25 multi-year donor agreements in order to verify the application of IPSAS 23, reviewing and tracing all their accounting records in 2020 or in previous years. It was noticed that the assets and revenue included in the sample had been recorded according to the payment schedule of each donor agreement, in line with the accounting policy.

113. UN-Women, in response, refined its accounting policy for receivables from non-exchange transactions. It recognized receivables for non-exchange transactions in full at the time the agreement was signed and become enforceable. Nevertheless, for agreements that have performance conditions, a deferred revenue liability is recognized until the conditions for contribution agreements, if any, were met or when funds were to be transferred to UN-Women and intended to be utilized.

114. The Board encourages the entity to enhance the assessment of contribution agreements, in accordance with IPSAS 23, in particular regarding the enforceability of an agreement that needs to be assessed using a substance-over-form criterion in the

context of UN-Women operations and similar United Nations entities. The Board welcomed UN-Women taking action in that regard and trusts that the Entity will continue to review its contribution agreements, applying the substance-over-form criterion to determine whether there needs to be any further refinements to the non-exchange transactions accounting policy.

115. The Board recommends that UN-Women continue to refine its accounting policies and revise its contribution recognition procedures, specifically multi-year donor agreements, and add receivables and revenue, where necessary, establishing an enhanced criterion for decision-making on recognizing non-exchange transactions, in line with IPSAS.

116. UN-Women agreed with the recommendation. It proceeded to amend retroactively its revenue recognition policy, which resulted in the Entity revising its 2020 financial statements and restating the 2019 and 2018 comparatives. UN-Women also indicated that the IPSAS Board had been working very closely with the Task Force on Accounting Standards on the revision of IPSAS 23 in order to promote clarity and minimize differences in the interpretation of the standard.

117. The Board acknowledges the efforts of UN-Women to address the recommendation. As long as there is no new standard on the matter, the Board considers that the internal accounting policy and procedure on non-exchange transactions of UN-Women should be aligned with the current definitions provided by IPSAS. This would also allow for the financial statements to be compared between UN-Women and other United Nations entities, given that the information would be presented using the same comparative basis.

5. Information and communications technology

Deprovisioning and updating user accounts in UN-Women systems

118. The Information Systems and Telecommunication Office procedure on information and communications technology access control and user account management, issued in November 2019, defines the criteria for establishing, maintaining, revalidating and revoking access to information and communications technology. When a user account is to be automatically disabled or when the permanent deletion of user accounts and emails is necessary are also established in the procedure.

119. Furthermore, it is established in the procedure that every office shall, on a monthly basis, validate personnel and account information, including verifying and updating the contract modality and the contract end dates. In addition, the Information Systems and Telecommunication Office shall perform a six-month revalidation of access in order to validate all the accounts that have not been used for the past 180 days and disable them.

120. The Board performed a review of UN-Women user accounts using the ones active in Office 365, OneDrive usage account details, roles of active users in the finance component of Atlas, users and roles in OneApp, and the “separation staff” lists, the latter of which include UN-Women staff who have been separated from the entity or whose contract has expired. As a result of the review, the following issues were noticed:

(a) There were 70 staff members in the separation lists whose Office 365 accounts were neither locked nor deleted, and this was corrected during the audit visit;

(b) There were 115 staff members in the separation lists who remained active in the OneDrive usage accounts whose total storage used was approximately 2.7 terabytes, and this was corrected during the audit visit;

(c) There were 2 staff members in the separation lists who had not been deactivated or locked in the accounts and roles of the finance component of Atlas, and this was corrected during the audit visit.

121. The Board did not find any information systems and telecommunications policy and procedure that establishes a clear process to: (a) request the elimination or locking of accounts, the updating of accounts or profiles, or data archiving; and (b) identify which staff are in charge of requesting, advising or reporting when a UN-Women staff/non-staff member was separated or when their status was changed, or any other change that could have an impact on the different systems of the Entity.

122. The Board considers that keeping active the Office 365 user accounts for separated staff/non-staff could increase the risk of unauthorized persons gaining access to the information systems and bear additional costs of keeping active licences that are not in use in supplementary services such as OneDrive or email.

123. Keeping the user profiles updated in the different systems allows for updated access, roles and responsibilities, to ensure that the users' permissions and their separation from duty are fulfilled in the different systems mentioned above.

124. The Board considers that the absence of a detailed procedure may hinder the identification of the following:

- (a) Responsibility for requesting the elimination or the update of an account;
- (b) The frequency of which the request should be made;
- (c) The moment at which the user account modifications in the systems and applications should be made.

125. In the Board's opinion, UN-Women should have a checklist or form for intranet systems and a detailed process, in which each situation, including those mentioned above, is addressed. This would allow UN-Women to deprovision, update, lock, deactivate, activate or archive a user account in a timely manner as a permanent action, thereby ensuring that all Entity systems are up to date. UN-Women should also establish a reasonable period to keep (update) the user folders that were separated in OneDrive and during the period, and ensure that useful data and/or documents have been backed up or transferred to the staff members responsible for managing this information.

126. According to UN-Women, the findings were due to technical glitches that had already been addressed, including the correction of systems and data. This notwithstanding, the Board had no evidence of the aforementioned, and it is important to highlight that the facts exposed show the relevance for the Entity of implementing a procedure for deprovisioning in each system.

127. The Board recommends that UN-Women identify and take the measures necessary to perform the deprovisioning and updating of user accounts and the monitoring in all its systems in a timely manner.

128. UN-Women agreed with the recommendation.

6. Programme management

Programme assurance activities

129. The procedure on the programme cycle (part 4 of the UN-Women framework on programme monitoring), dealing with programme monitoring, reporting and oversight, provides the following definition: "[M]onitoring is an integral part of programme management. It provides systematic, consistent and reliable information about actual progress, measured against the planned results, indicators, and activities

described in the annual work plan or component Project Documents (ProDoc). Monitoring examines both programme processes and changes in conditions of target groups and institutions brought about by programme activities”.

130. In accordance with said procedure, UN-Women programmes at the country, regional or global level, including component programmes and projects, require a performance monitoring framework and a monitoring, evaluation and research plan, with clearly assigned responsibilities and budgets. In the procedure, it is stipulated that a monitoring, evaluation and research plan should outline major monitoring, evaluation and research activities that inform and build on information in the strategic note, annual workplan and ProDoc. The monitoring, evaluation and research plan outlines who is responsible for major monitoring, evaluation, research activities, start dates, available budgets and status.

131. The framework on programme monitoring and the monitoring, evaluation and research plan guide important monitoring activities, among them:

- (a) Field visits and interviews with key informants and intended beneficiaries;
- (b) Spot checks of major activities under way, such as training and service delivery;
- (c) Annual reviews with programme stakeholders to review progress against planned activities and expected results in the annual workplan and any ProDoc component;
- (d) Social media and networking monitoring tools, such as Global Pulse.

132. The above overview provides for the overall programme monitoring component of the strategic note, annual workplan and ProDoc, and UN-Women stated that those elements were to be incorporated into the overall programme monitoring mechanisms.

Programme partner monitoring

133. UN-Women has three programme partner monitoring activities that are normally carried out on an optional basis, which include programmatic visits, review of narrative and financial reports, programmatic meetings and spot checks. The Entity also has mechanisms for programme partner assurances in place, mainly through the project audits undertaken by external auditors.

134. When Board enquired about the evidence for programme partner monitoring and oversight activities carried out during the 2020 period, UN-Woman replied that, owing to the COVID-19 pandemic, no such activities had occurred during the period under review.

135. The Board requested evidence for the execution of the spot checks. However, this was not currently a mandatory requirement under existing UN-Women policies and procedures. The Entity said that guidance on undertaking spot checks was in the process of being incorporated as part of the ongoing work to revise the assurance mechanisms of the organization as part of the revised end-to-end programme partner policies and procedures.

136. In the case of the West and Central Africa Regional Office, the Board requested explanations from the corresponding focal points at each office under review. The Board was informed that, owing to the global context of the COVID-19 pandemic, those activities had been avoided as much as possible in order to apply social distancing as a health security measure. Even when the Entity indicated that field visits had been performed for few projects in 2020 and mission reports had been drafted, the Board could not find proper and sufficient evidence for this. The only mandatory partner programme monitoring and oversight activities that the Board

could review were some narratives and financial reports that had been received but which were incomplete.

137. At the programme partner level, the Board considers that the steps taken by UN-Women, in the light of the COVID-19-related inability to undertake field visits and continually monitor and supervise the project in person, through requesting programme partners to submit evidence, such as narratives, progress reports of implementing partner/responsible party activities and a list of participants in the activities, are insufficient. Even when policies to monitor programme implementation are present, these are not duly implemented throughout the year, as the Board observed in the period.

138. The purpose of these activities is to mitigate risks of the unreliability of the financial and non-financial information provided by the implementing partner/responsible party and to provide evidence, in the form of supporting documents, of expenditure incurred during the period regarding the execution of projects.

139. There is a need to review and strengthen these programme partner monitoring activities, on a mandatory basis, so that the procedures performed by each implementing partner or responsible party are appropriate and sufficient.

140. It is also necessary that partner programme monitoring and oversight activities be performed in any crisis, as was the case in 2020 for the conditions experienced during the COVID-19 pandemic, to avoid any risk of failure in implementing projects in the agreement due to a lack of monitoring and oversight of the programme activities that are ongoing.

141. UN-Women stated that it had made significant progress in implementing the internal audit recommendations for updating and putting end-to-end partner management policies and procedures in place. It had also, as a matter of urgency, put in place risk mitigation measures in order to be responsive and remain effective in continuously monitoring programme partners within the context of the COVID-19 pandemic. These measures shall be accordingly incorporated and finalized with measures in place for other global crisis measures.

142. The Board recommends that UN-Women carry out and formalize the end-to-end programme partner policies and procedures, especially with regard to strengthening the monitoring mechanisms applied to programme partners in situations of crisis when no mandatory on-site monitoring activities are possible, in order to ensure that they are effectively undertaken.

143. UN-Women agreed with the recommendation.

Periodic reports

144. It is indicated in paragraph E.4.2.2 of the 2019 policy on cash advances and other cash transfers to partners that, even if no advance is requested, a funding authorization and certificate of expenditure form should be prepared by the implementing partner and/or responsible party and collected by the Programme Manager in charge of each project in each quarter in order to record expenditure. In addition, a short summary narrative of project progress shall be provided by the implementing partner and/or responsible party to UN-Women every quarter.

145. It is stated in paragraph E.4.2.3 that the advances, made every six months, are the maximum length of an instalment. The frequency of advances is at the discretion of the Project Manager. If the frequency of the advances is monthly or quarterly, then a short summary narrative is required with every funding authorization and certificate of expenditure form. This narrative should be submitted by the implementing partner and/or responsible party to UN-Women. (This narrative is different from the detailed

narrative report that is required on a biannual basis.) Risk management is the responsibility of the UN-Women office.

146. The Board reviewed the periodicity of the project reports called “narrative reports” and “progress reports” as at 29 October 2020, considering each implementing partner and/or responsible party, through a sample from the West and Central Africa Regional Office. The additional information as at 3 November 2020 for supplementary reports was subsequently considered.

147. Following the review, the Board was unable to see a uniform periodicity of the submission of those reports by the implementing partner and/or responsible party to UN-Women. Of the 16 reports reviewed, 7 had exceeded the three-month period for submission to UN-Women when considering the dates of the reports in comparison with 29 October 2020, which was the date of review.

148. The Board stressed the importance of complying with the controls established in said policy. The submission of periodic narratives and the funding authorization and certificate of expenditure forms will allow UN-Women to properly monitor the progress of the projects, thereby allowing for the identification of possible weaknesses that could arise and amending them in a timely manner. This would allow for an improved execution of the projects, given that these reports help to ensure the quality of the project execution process.

149. The West and Central Africa Regional Office provided reassurances that all efforts were being made to comply with the policy. However, it stated that the global context of the COVID-19 pandemic in 2020 should be taken into consideration, as well as the specific context of the West and Central Africa region, which is composed of several countries in conflict or post-conflict situations. Both contexts often led to disruptions in the normal work of the implementing partner and/or responsible party, which consequently affected their ability to report in a timely manner.

150. The Board recommends that the UN-Women West and Central Africa Regional Office, notwithstanding the COVID-19 pandemic, ensure compliance with the policy on cash advances and other cash transfers to partners, in order to reflect the periodicity of implementing partner and/or responsible party reports within the terms established therein.

151. UN-Women agreed with the recommendation.

Certified expenditure

152. Paragraph E.1.2 of the policy on cash advances and other cash transfers to partners outlines a definition of the policy related to cash advances and reimbursements. It is important to indicate that the Fund for Gender Equality and the UN-Women trust funds follow this policy, unless explicitly stated otherwise within the text or footnotes.

153. In addition, it is stated in paragraph 1.1.1.5, on funding authorization and certificate of expenditure forms and receipts, that, “to determine the sample size and selection criteria for the supporting expenditure documentation, the Operations Manager shall assess the implementing partner or responsible party”.

154. According to page 40 of the aforementioned policy, annexes 8 and 9 show the types of letter of confirmation for certification of expenditure that should be used by UN-Women in the light of the methodology used for the documentation of the expenses incurred.

155. The Board saw that a review methodology for the documentation of the expenses incurred was established in the policy on cash advances and other cash transfers to partners, which must be done using the letter of confirmation for certification of

expenditure. In addition, the Programme Manager and/or authorized official certifies the corresponding percentage reviewed pursuant to the regulations, indicating the amount reported. The funding authorization and certificate of expenditure form is mandatory, and in the current policy for the 2020 period, it is indicated that the programme officer has to complete the checks for approval of the funding authorization and certificate of expenditure form, including of the certificate.

156. The Board reviewed the supporting documentation requested of UN-Women for the West and Central Africa Regional Office and the United Nations trust fund in support of actions eliminate violence against women but did not encounter the letter of confirmation for the certification of expenditure shown in the annexes of the aforementioned policy. In addition, the funding authorization and certificate of expenditure forms received as supporting documentation for the selected samples were not updated in full in accordance with the current policy.

157. The Board could not locate the certificate that confirmed and documented the review methodology for the expenditure incurred in the liquidation of advances by the implementing partner and/or responsible party and reviewed by the Programme Manager, even when the West and Central Africa Regional Office reported that it had reviewed 100 per cent of the documentation.

158. The Board considers that the use of the letter of confirmation for the certification of expenditure is important because it is intended to standardize the procedures, facilitate their implementation and enhance communication between the parties involved in the process, thereby avoiding any risk of confusion regarding the monitoring of the project under execution.

159. The use of the aforementioned certificate shows the revision of the expenses and the percentage used in the sample. The non-incorporation of the letter of confirmation, which is stipulated in the policy, could be interpreted as the partner being new and therefore needing to review 100 per cent of its expenses.

160. The non-existence of those letters shows a risk to the assessment of partners by UN-Women, which could result in a misuse of time and resources for the Entity.

161. The Board recommends that UN-Women ensure compliance with the delivery of the letter of confirmation for the certification of expenditure, demonstrating the proper percentages assigned for the documented review of expenditure for liquidation of the partner advance, in accordance with the current policy.

162. UN-Women agreed with the recommendation.

Final performance evaluation of implementing partners

163. It is mentioned in paragraph 4.2 of the 2020 procedure for selecting programme partners of UN-Women under the title “Undertake capacity assessment of recommended partners”, that “the Programme Manager establishes if a capacity assessment has been recently conducted by UN-Women for the Civil Society Organization shortlisted. If so, the Programme Manager may use the existing assessment instead of undertaking a new capacity assessment subject to the following: (a) performance was satisfactory; (b) the capacity assessment of partner is still valid (four years); (c) the scope and impact area of the existing capacity assessment report match those of the annual work plan or programme specific output(s) for which engagement of the Civil Society Organization is being considered”.

164. The Board reviewed the capacity assessment procedure of the recommended partners and discovered the following issues:

(a) UN-Women did not include a final evaluation in its policies or procedures, in which the general performance of a partner is rated at the end of the execution of a project. Therefore, it was not possible to determine whether the performance referred to in section 4.2 (a) of the aforementioned procedure was satisfactory. UN-Women reported that it also considered other mechanisms to review partner performance. It also stated to the Board that it was in the process of including a formal partner performance evaluation as part of the procedure at the end of the partner agreement. However, as at the end of December 2020, the Board did not receive evidence of this;

(b) In the transactions with partners carried out from January to August 2020, the Board identified transactions with five partners that had obtained qualified opinions in the 2018 audit performed by an assurance services firm, which showed a lack of impact of audit reports with regard to selecting an implementing partner;

(c) UN-Women was asked to provide a list of restricted partners that it had once worked with and was currently unable to work with. As at the date of the report of the Board, while the Entity had been working on a draft version to incorporate this step, the draft was not provided to the Board.

165. The Board concludes that conducting final evaluations of partners would allow for the identification of partner weaknesses that would have resulted during implementation and proactively formulating measures to mitigate unfavourable results that were previously obtained, thereby preventing this from happening again. Such a tool would also make it possible to identify partners or parties responsible with whom good results had been obtained, and it would allow for them to receive formal priority for the assignment of new projects.

166. The Board also considers that the results of the evaluations should be shared among all UN-Women offices through an online list that identifies restricted partners or responsible parties, thus avoiding the information being prepared in isolation by each office. The completion of these final evaluations and their shared publication among the offices could lead to a greater optimization of the use of resources, increasing the demonstrated results of projects and for beneficiaries, and contributing to the mitigation of risks due to the lack of capacity of partners or responsible parties in the programme's implementation.

167. Although UN-Women indicated that it had carried out evaluations of partners or responsible parties, there was no regulation regarding the evaluation or a database where those that were not appropriate partners with UN-Women could be clearly identified. Nevertheless, the Entity can deepen its capacity to improve its activities and mitigate risks regarding those partners with a weak evaluation through capacity-building and taking specific action.

168. The Board deems that all the circumstances mentioned above should be added to the performance and audit qualifications in order to reflect them in a final evaluation, which would lead to a more holistic view of the current relationship with UN-Women partners.

169. The Board recommends that UN-Women make the final evaluations to the partners so that their performance is considered in new projects.

170. The Board recommends that UN-Women register and share positive or negative results obtained by the partners among UN-Women offices.

171. UN-Women agreed with the recommendations.

Procedure for the preparation of donor reports

172. Paragraph 5.4 of the UN-Women 2017 procedure on the preparation of donor reports sets out the review process for donor reports for offices categorized as tier 2. According to the governance framework for UN-Women presence, there are 3 tiers. Tier 2 is a medium-sized office category with a ceiling of delivery by year (\$3.5 million), a resource mobilization target above \$4.2 million and staffing up to 20 personnel. These offices are to prepare a draft narrative report for donors that has to be reviewed by the regional office prior to the submission to the donor. The regional office focal point will determine the level of work that the draft narrative report requires. According to this, the tier 2 office will be charged a fee, which can be \$1,200 for light editing, \$2,400 for medium editing and \$4,800 for heavy editing.

173. In paragraph 5.8.2.2, it is indicated that, where additional time is required by the Finance Section at headquarters to prepare the financial donor report, owing to the requesting office not using the correct budget setup or accurate expenditure coding, or not following the financial regulation and rules of UN-Women, the Section will estimate the additional costs for the preparation of the financial report and the office or section that is requesting the report will be charged these additional costs, prior to the preparation of the report.

174. The Board contacted the West and Central Africa Regional Office and the Programme Support and Management Unit at headquarters regarding the procedure for the review of the narrative reports for donors. The Board was informed that the review process was part of the oversight function of the regional offices and was performed by a monitoring and reporting team. Given that the review process is part of the function of a dedicated team, their posts are typically covered by core funds, and there are no charges to tier 2 offices for editing and undertaking quality control of the narrative reports for donors. The Unit also mentioned that, in the case of the Asia and the Pacific Regional Office, a consultant had been hired for that task and that the related costs were covered by core funds. UN-Women indicated that, in accordance with the decision of management, the procedure for charging fees to the offices for the review of narrative reports for donors was not implemented.

175. In relation to the donor's financial report, it was explained by UN-Women that the standard reports were covered by the cost-recovery percentage charged to donors as support costs in the donor agreements. In the case of non-standard financial reports of donors, the additional cost was negotiated with the donor and, where agreed, borne by the donor for the provision of the service.

176. The Board considers it important for UN-Women to update the procedures related to the preparation and review of donor reports (narrative and financial), given that they establish the workflow and steps to follow for the process. This is part of the UN-Women policy, procedures and guidance framework, which is the online repository of formal documents for Entity operations. Given that no other formal document establishes the current process, and considering the importance of all donor reporting, the Board is of the view that there should be a procedure reflecting the current process and workflow for the preparation and review of donor reports.

177. The Board considers that the current process performed by UN-Women offices is better than the one established in the actual procedure for the preparation of donor reports, in that it avoids unnecessary accounting records between offices and prevents possible human errors that could affect the accuracy of the financial statements. Notwithstanding, it is necessary to update the formal procedure with the relevant changes, for this may lead to confusion over the actual process being conducted.

178. The Board recommends that UN-Women update its procedure for the preparation of donor reports in order to reflect the actual process that should be

performed by all offices during the preparation and the quality control of donor reports.

179. UN-Women agreed with the recommendation.

Project closure

180. In accordance with the Division of Management and Administration's finance manual and standard operating procedure (with regard to field offices), project closure has two phases, namely, operational and financial. Operational closure is the end of the project execution activities and is performed by the Programme Manager in each office. All accounting records attributable to the project made after the execution of the project are done between operational and financial closure.

181. Financial closure is the final step in the management cycle of a project and is initiated by the programme area and supported and monitored by the finance area. It begins once operational closure is approved, and its objective is to ensure that the project has no open purchase orders, pending vouchers or adjusted accounting entries (general ledger journal entry), asset balances or advances, and unliquidated obligations related to the project. However, the reopening is not clearly regulated in a policy or procedure so that the above is accomplished.

182. The Board carried out an analysis of the current projects using the "UNFEM Project Closure Workbench" extracted from Atlas and compared it with the report provided by the Entity's budget area. It was observed that seven projects, although they had an assigned budget, showed no activities having been carried out in the period. It was detected that they had closure procedures during the period and that they had more than one financial closure, the last one being in 2020.

183. In the seven cases identified, months had passed between the estimated completion date of the project and the effective operational closure of the project, and it was observed that four of them had exceeded the 12-month rule by at least 2 months. With regard to financial closures followed by reopening and new financial closures, among the seven projects, one had five openings recorded in the system, two had been opened three times and four had been opened twice. It was also possible to see from the activity history that four projects had skipped operational closure and had gone from "ongoing" to financial closure directly, and one had been reopened. The reasons for such action taken were not apparent in the system.

184. UN-Women indicated that only six staff from the Financial Management Section could close or reopen a project according to their approver rights. With regard to the seven projects above that were analysed, the Board noticed that four of them had had their status changed more than once and that the last change concerning those projects, from ongoing to financially closed, had been performed by the same person according to the data in Atlas.

185. UN-Women also provided evidence of its explanations for the seven projects, saying that all of them had been financially closed with an assigned budget and that two had been reopened owing to an external party request for adjustments. The five remaining projects had, as justifications for the reopening, accounting adjustments for open purchase orders, misidentification of vendors and other late accounting record adjustments.

186. The Board is of the view that UN-Women needs to reconsider the time frame to make proper adjustments and the project agreement dates, in order to comply with the Entity's financial rules regarding the 12-month deadline to financially close a project, given that it was possible to identify those projects in which the time from them being first operationally closed to the last financial closure ranged from 14 to 35 months

owing to the multiple instances of reopening for those projects. Details are presented in table II.3.

Table II.3
Sample of instances of the reopening of projects

<i>Reopening</i>		<i>Project 1</i>	<i>Project 2</i>	<i>Project 3</i>	<i>Project 4</i>
First opening	Ongoing	16-Mar-12	1-Dec-12	11-Feb-14	8-Feb-18
	Operationally closed	9-May-18	7-Nov-17	17-Jan-19	4-Jul-19
	Financially closed	6-Jul-18		6-May-19	
Second opening	Ongoing	6-Mar-20	15-Aug-18	11-Dec-19	25-Jul-19
	Operationally closed	16-Jun-20			16-Mar-20
	Financially closed	21-Jul-20	22-Aug-18	24-Sep-20	1-Sep-20
Third opening	Ongoing		22-Aug-20		
	Operationally closed				
	Financially closed		23-Aug-18		
Fourth opening	Ongoing		11-Sep-18		
	Operationally closed		8-Mar-19		
	Financially closed		28-Jul-20		
Fifth opening	Ongoing		30-Sep-20		
	Operationally closed				
	Financially closed		1-Oct-20		
Elapsed time (number of months)	Operational to financial closure according to the financial rules of UN-Women	27	35	21	14
	Exceeding the 12-month rule	15	23	9	2

Source: Board of Auditors, based on project closure workbench in Atlas.

187. The Board acknowledges that it is normal practice to open and close the project after operational closure; however, the reopening process should be made for specific cases, including for all adjustments needed to be made within the deadline, to avoid a new reopening. In addition, during the reopening period, UN-Women should consider all the adjustments required by external parties as resulting from verification of the projects through donor missions or other external reasons beyond the control of UN-Women. Therefore, these types of adjustments must be established in the project closure procedures as part of the process's design.

188. The Board considers that the process for the financial reopening of projects, when there are multiple openings, could be improved. Although no accounting issues were identified in the review, given that closures are not done in a timely manner, the risk of adding liabilities may arise.

189. In the same context, the Board noticed cases in which the same person could change the status of a project in the system from "open" to "closed" for a project. In the Board's opinion, a good practice for transparency in the segregation of duties is for the records to be shown in the system.

190. After the audit visit, UN-Women reported that, as at 31 December 2020, 12 projects had not been financially closed in accordance with the 12-month rule. The Entity stated that the action taken after financial closure did not affect the project's financial closure. The reason for changing the project status from "operationally closed" to "ongoing" was an Atlas configuration issue. There were cases in which a project with "financially closed"

status had a net zero balance at the account level but required an additional accounting adjustment at the segment level of implementing the agent code. The net effect of the adjustment was zero and did not affect the project's closing balance.

191. **The Board recommends that UN-Women comply with the deadline stipulated in its financial regulations and rules and in the Division of Management Administration's finance manual and standard operating procedure (extract for field offices) for operational and financial closure, giving due consideration to the project agreements dates.**

192. **The Board recommends that UN-Women clarify the existing procedures regarding closure steps specifically for project reopening.**

193. UN-Women agreed with the recommendations.

C. Disclosures by management

1. Write-off of cash, receivables and property

194. In accordance with regulation 21.1 of its financial regulations and rules, UN-Women informed the Board that losses of receivables were written off in the amount of \$5,910.

2. Ex gratia payments

195. In accordance with regulation 20.6 of its financial regulations and rules, UN-Women informed the Board that no ex gratia payments had been paid in 2020.

3. Cases of fraud and presumptive fraud

196. In 2020, the Office of Internal Oversight Services (OIOS) of the United Nations completed investigations into six cases that had initially been categorized as presumptive fraud. No fraud was substantiated in five of the cases. In the remaining case, non-staff personnel had solicited undue fees of at least \$779 and had accepted such fees of at least \$189 from consultants recruited for a UN-Women-funded project. There was no financial loss to UN-Women. The individual implicated was dismissed.

197. As at 31 December 2020, OIOS had under investigation 12 cases involving allegations of presumptive fraud. As at 31 March 2021, OIOS had completed investigations into two of the cases. No fraud was substantiated in one case. In the other case, non-staff personnel had forged payment documents, attempting to defraud UN-Women and obtain undue benefit of \$741. There was no material financial loss to UN-Women. The individual in question had been dismissed before the completion of the investigation. Ten other cases remained under investigation and included allegations of financial or procurement irregularities, waste, theft, false certification, entitlement fraud or fraud by programme partner personnel. In one case of presumptive fraud by programme partner personnel, UN-Women made a provision for a potential loss in the amount of \$151,972.

198. In 2020, the Office of Audit and Investigations of the United Nations Development Programme (UNDP) also completed an investigation into one case of fraud related to UNDP services provided to UN-Women. In that case, an unidentified third party performed an email phishing attack, resulting in a UNDP payment to an unauthorized bank account. The attempted recovery notwithstanding, the fraud resulted in a loss of \$11,491 in UN-Women funds. UN-Women is following up with UNDP with regard to compensation for these funds.

D. Acknowledgement

199. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the officials and staff of UN-Women during the conduct of the audit.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

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

(Signed) Hou Kai
Auditor General of the People's Republic of China

22 July 2021

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2019

Audit report No. year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification			
					Implemented	Under implementation	Not implemented	Overtaken by events
1. 2016	A/72/5/Add.12 , chap. II, para. 58	The Board recommends that UN-Women: (a) expedite the development of policy and guidelines that clearly define the rationale for the establishment of programme presences and the management of programme and field presences; and (b) develop business cases for the already established programme and field presences so as to suit the current needs and situation.	The governance framework for UN-Women presence, which formalizes the categorization of offices and establishes the functional setup of each presence, has been promulgated and is now part of the Entity's ongoing work. The framework underwent extensive consultations and rigorous escalated reviews. In addition, the system to track UN-Women presence has been developed and launched.	The Board verified that the new policies met the development of business cases, which were created and addressed in full the weaknesses found. Therefore, this recommendation is considered implemented.	X			
2. 2016	A/72/5/Add.12 , chap. II, para. 81	UN-Women agreed with the Board's recommendation that it: (a) consider the use of the implementing agent code in the chart of accounts for Atlas to enhance efficiency and effectiveness; (b) work closely with the global auditors to review the audit process to ensure that project audit reports are submitted in a timely manner; and (c) enhance the capacity of the Audit Coordination Unit to ensure that it supports effectively the oversight function in the organization.	The Audit Coordination Unit portfolio has evolved in response to organizational changes since the condition under which this audit recommendation was raised. The changes related are: (a) the transfer of the management of project partner audits to the Programme Management and Support Unit, Policy, Programme and Intergovernmental Division (programme presence identification); and (b) the creation of a separate enterprise risk management post, which was a function previously overseen by the Unit within its existing	According to the Board's analysis, (a) and (b) of the recommendation were implemented in previous years by the entity. With regard to (c), the Board reviewed the Entity's background information on the reassignment of the Audit Coordination Unit from the Division of Management and Administration to the Strategy, Planning, Resources and Effectiveness Division. In addition, the Audit Coordination Unit delegated part of its responsibilities regarding the final audit plan for the cyclical audit of				X

<i>Audit report No. year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
			capacity. In addition, the Unit was relocated from the Division of Management and Administration to the newly created Strategy, Planning, Resources and Effectiveness Division.	non-government organization and national implementation modality projects and partners to the Programme Support and Management Unit. Therefore, this recommendation is considered to have been overtaken by events.				
3. 2017	A/73/5/Add.12 , chap. II, para. 27	UN-Women agreed with the Board recommendation to improve the link between the RMS tool and Atlas so that the information in RMS is up to date in order to facilitate timely and accurate decision-making.	The system development work on the enhanced Atlas grants module and project gateway was initiated in 2019. However, the testing, piloting and roll-out scheduled for 2020 was delayed owing to the COVID-19 pandemic. Atlas is being phased out and replaced by a new enterprise resource planning system. The United Nations Development Programme (UNDP), the custodian of Atlas, has set a target date of first quarter 2022 for replacing Atlas. Therefore, investing additional work in incorporating it into a system that will soon be obsolete is not cost-effective, and the Entity has had to stop further work on this. Instead, UN-Women is incorporating this as a requirement for the new enterprise resource planning project.	The Board verified that the new enterprise resource planning system is in process of implementation and that its date to go "live" is 1 January 2022. This new system will replace the Atlas system. Therefore, this recommendation is considered to have been overtaken by events.				X

<i>Audit report</i> No. year	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
4. 2017	A/73/5/Add.12 , chap. II, para. 44	The Board further recommends that UN-Women (a) ensure that conclusive assessments of prior year's qualified audit report financial findings are conducted to determine the causes and prevent recurrence of the identified weakness; and (b) consider introducing policies to address weaknesses in project management that lead to ineligible expenditure and that guide the administration on proper accounting for ineligible expenditure in prior years to avoid potential misstatements in the financial statements.	The revised procedure for the resolution of audit recommendations arising from project partner audits has been promulgated.	The Board reviewed the entity's background information related to creating a procedure and a standard operating procedure to address part (b) of the recommendation. However, this procedure did not include the accounting actions that should be taken when ineligible expenditure is submitted as part of the financial findings of audit reports, with the aim of maintaining accuracy and presenting the nature of the financial findings. Similarly, there was no indication of how to properly account for ineligible expenditure of prior years. Therefore, this recommendation is considered under implementation.		X		
5. 2018	A/74/5/Add.12 , chap. II, para. 21	The Board recommends that UN-Women consider establishing, at the programme formulation stage, obligatory reporting on the procurement plans of projects that are executed under programmes.	The revised budget template has been finalized and final overall reflections from the field consultations are being included before proceeding to promulgation of the revised "project document template", with the relevant annexes that include the procurement plan.	The Board acknowledges the progress made in this recommendation. In 2021, UN-Women promulgated the final version of the procedure. The Board still needs to review this implementation. Therefore, this recommendation is considered under implementation.		X		
6. 2018	A/74/5/Add.12 , chap. II, para. 29	The Board recommends that the Americas and the Caribbean Regional Office comply with timely Atlas purchase order clean-up processes as established in	In order to enhance internal controls, since the beginning of 2020, the Regional Office has instituted a dedicated community of practice to	The information submitted to the Board contained the month-end closure, the purchase order clean-up process report and its status report. The Board therefore	X			

<i>Audit report</i> <i>No. year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
		the finance manual and standard operating procedures.	ensure that month-end certification-related activities (purchase order clean-up process included) relied on better input and were properly monitored. The first two month-end certifications exercises (May and June 2020) were completed in a timely manner, and evidence of compliance is shown for verification.	considers the recommendation implemented.				
7. 2019	A/75/5/Add.12 , chap. II, para. 22	The Board recommends that UN-Women formalize the categorization of its offices, establishing the definition of the functional set-up of each presence type, including minimum functions, positions and resources for both resident and non-resident modalities, as well as the various types of services to be provided. Furthermore, an accurate and updated registry of all offices should be maintained.	Work is under way to address the recommendation. UN-Women has created an enterprise data management system as the a-stop-shop for accurate and updated information on its presence. The data are in the final stages of validation, which will be complete by the end of first quarter 2021.	The Board verified the promulgation of the policy and how it included the criteria applicable when determining whether to establish, close or change a presence and clarify the roles and responsibilities, decision-making authority and levels of accountability of relevant personnel. However, its implementation is considered in progress because it was not possible to verify the accurate and updated registry of all offices, given that the system was in a period of clean-up and data quality control. Therefore, this recommendation is considered under implementation.		X		

<i>Audit report No. year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
8. 2019	A/75/5/Add.12 , chap. II, para. 30	The Board recommends that UN-Women strengthen oversight of the service performed and the execution of the review, in accordance with the applicable standard on ICT access control and user account management (ITS-009), to ensure that all user accounts that remain dormant for 180 consecutive days are deactivated regularly and in a timely manner.	UN-Women has implemented the recommendation by establishing a quarterly process meeting with UNDP and closely following up with it to strengthen oversight of the service that UNDP performed, ensuring that all user accounts that remain dormant for 180 consecutive days are deactivated regularly and in a timely manner.	The Board verified that the action taken addressed the recommendation. All the user accounts that had remained dormant for 180 consecutive days were deactivated regularly and in a timely manner. Therefore, the Board considers the recommendation implemented.	X			
9. 2019	A/75/5/Add.12 , chap. II, para. 40	The Board recommends that UN-Women review and update its internal control policy in order to reflect that periodic manual monitoring of critical profile use has been replaced by a suitable configuration of automatic controls in the Atlas system.	UN-Women has updated the internal control framework to reflect the newly instituted system control by which the same staff member cannot approve both the purchase requisition and purchase order for the same transaction. This replaced the periodic manual monitoring of usage of critical profiles in Atlas.	The Board considers that the updates to the internal control policy are appropriate and reflect the new system control related to the approval of requisition and purchase orders. Therefore, this recommendation is considered implemented.	X			
10. 2019	A/75/5/Add.12 , chap. II, para. 45	The Board recommends that the UN-Women multi-country office in Fiji ensure that duly signed funding authorization and certificate of expenditure forms from responsible parties are accepted and processed in a timely manner, in compliance with the policy on cash advances and other cash transfers to partners by the corresponding responsible staff.	The UN-Women multi-country office in Fiji has initiated a standardized process to validate and confirm that all funding authorization and certificate of expenditure forms are duly approved and signed in line with the updated policy on corporate cash advances and other cash transfers to partners.	The Board confirmed that a sample had approvals signed by those responsible for the funding authorization and certificate of expenditure forms. According to the Entity's information, it has complied with the requirements established and requested in the recommendation. Therefore, the Board considers this recommendation implemented.	X			

<i>Audit report No. year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
11. 2019	A/75/5/Add.12 , chap. II, para. 50	The Board recommends that the UN-Women multi-country office in Fiji ensure the proper recording of project expenditures through the timely preparation and posting of the corresponding accounts payable journal vouchers, in accordance with the provisions of the UN-Women policy on cash advances and other cash transfers to partners in a reasonable and timely manner after the Project Manager has approved the funding authorization and certificate of expenditure forms.	Accounts payable journal entries are approved after receiving the funding authorization and certificate of expenditure form from the implementing partner and after the project managers have signed the document. The office is also working to improve the timeliness of financial reports submitted and accepted by partners. However, owing to the COVID-19 emergency and the remote location of partners, including uneven access to the Internet and communications, delays in the reporting and liquidation of advances remain an issue that is closely monitored and controlled by Project Managers and management in the multi-country office in Fiji.	The entity provided evidence on the proper recording of project expenditure through the accounts payable journal voucher, which was prepared in a timely manner. Following this, the Project Manager approved and posted the funding authorization and certificate of expenditure forms, pursuant to the provisions of the UN-Women policy on cash advances and other cash transfers to partners. The Board therefore considers this recommendation implemented.	X			
12. 2019	A/75/5/Add.12 , chap. II, para. 51	The Board also recommends that the UN-Women multi-country office in Fiji ensure that duly authorized officials first sign the reviewed project expenditures and requests for advances to partners, which leads to the approval of the funding authorization and certificate of expenditure forms. Finally, the expenditure must be recorded appropriately in the accounting system.	The UN-Women multi-country office in Fiji ensures that only reviewed and approved project expenditure and requests for advance transactions under duly signed funding authorization and certificate of expenditure forms are recorded in the accounting system. In addition, the office has focused on ensuring the quality of the finance and narrative reports submitted, including diligent verification of expenses reported by partners.	The Board verified the evidence for the duly authorized officials approval of the project expenditure and requests for advances to partners, leading to the signing of the funding authorization and certificate of expenditure forms, which are recorded appropriately in the accounting system. Therefore, this recommendation is considered implemented.	X			

<i>Audit report No. year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
13. 2019	A/75/5/Add.12 , chap. II, para. 58	The Board recommends that the UN-Women multi-country office in Fiji monitor the implementing partners or responsible parties closely so that funding authorization and certificate of expenditure forms are received on time, project expenditures are recorded appropriately and the monitoring role in their activities is fulfilled.	The UN-Women multi-country office in Fiji closely monitors the parties responsible to ensure that they submit funding authorization and certificate of expenditure reports in a timely manner. Upon review and verification of project expenditure by Project Managers, they recorded expenditure appropriately, and the monitoring role in their activities was fulfilled.	According to the Board's review, it was observed in the accounting records that there was an extended period between one funding authorization and certificate of expenditure form and another, which demonstrates that proper monitoring that complies with the policy is not observed in a timely manner. In this regard, the recommendation is considered under implementation.		X		
14. 2019	A/75/5/Add.12 , chap. II, para. 69	The Board recommends that the UN-Women multi-country office in Fiji ensure that, in the process of reviewing supporting documentation for projects in execution, proper authorization and reliable information regarding the supporting receipts for the liquidation of an advance are obtained in a timely manner.	The multi-country office in Fiji is closely monitoring that Project Managers sign letters of confirmation for certification of expenditure using the corporate template showing the percentage of total expenditure sampled, along with submitting an Excel list of all documents supporting the liquidation of funding authorization and certificate expenditure forms. In addition, Project Managers also submit the partner advances tracking table to keep better track and ensure proper liquidation of advances issued to partners. Delays reported in partner advances liquidation in 2020 were related mostly to the COVID-19 pandemic.	The Board reviewed all the supporting documents provided by the entity for each liquidation and observed a time gap between the supporting documents provided by the implementing partners and UN-Women accounting records. Considering that one of the main issues included in the recommendation is to obtain supporting receipts for the liquidation of an advance in a timely manner, the Board considers this recommendation under implementation.		X		

<i>Audit report No. year</i>	<i>Report reference</i>	<i>Board's recommendation</i>	<i>Management/Administration's response</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>
15. 2019	A/75/5/Add.12 , chap. II, para. 75	The Board recommends that UN-Women ensure that the risk factor of implementing partners is reflected in the process of reviewing a sample of expenditures through the funding authorization and certificate of expenditure forms.	UN-Women promulgated a revised policy on cash advances and other cash transfers to partners by adding annexes 8 and 9 (letter of confirmation for certification of expenditure). The new certification provided that each Programme Manager for each liquidation of an advance report on the level of risk assessed when reviewing and sampling the supporting documents, showing the percentage of total expenses sampled and specifying whether any risk mitigation action is to be taken. The training was provided by region for all programme and operations staff early in 2020 by the Financial Management Section.	The Board reviewed whether the offices were using the “letter of confirmation for certification of expenditure” document while reviewing and sampling the supporting documents for implementing partners’ liquidations. It was observed that two of the four offices reviewed did not use that document. Given that the letter of confirmation for certification of expenditure is a key element in implementing this recommendation and that it is not being used by all UN-Women offices, the Board considers this recommendation under implementation.		X		
16. 2019	A/75/5/Add.12 , chap. II, para. 83	The Board recommends that, in accordance with the policy on overtime compensation, UN-Women ensure that the overtime request form or any other means reflects accurately and reliably that all overtime work has been authorized in advance and, in the case of use of funds, that their availability has been certified.	UN-Women has revised the workflow to streamline it and reduce transactional burdens while preserving control and accountability. In terms of promulgation, through the policy, procedures and guidance framework, only new/revised external legislation, policies, procedures or guidance documents are promulgated through the policy, procedure and guidance function. By contrast, other	The Board reviewed the establishment of a workflow and the certification requirements for the overtime submission, and the updated form has been shared with the human resources users, operations managers and leave monitors and human resources communities of practice. As at 3 November 2020, “Overtime Workflow” and “Reporting Form” are classified in the policy,	X			

Audit report No. year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification				
					Implemented	Under implementation	Not implemented	Overtaken by events	
			knowledge and information resources documents are not promulgated in this manner (e.g., the one described above). The business process owner is responsible for disseminating information regarding this category of document, which was done through notifications.	procedures and guidance portal under "Other Knowledge & Information Resources", which fall under the overall umbrella of a policy, procedure or guidance. This recommendation is therefore considered implemented.					
17. 2019	A/75/5/Add.12 , chap. II, para. 93	The Board recommends that the Turkey country office implement a mechanism to avoid the late submission of travel expense claims and comply with the controls stated in the policy.	The UN-Women country office in Turkey has, since 2 January 2020, put in place an updated travel tracking tool, which has facilitated diligent monitoring for the timely submission of duly completed travel expense claim forms with supporting post-travel documents, including the identification of "process owners" for purchase order creation. It also ensures that the travel focal point can keep track of the submission status. The finance office also ensures that the nature of the payment and the amount and voucher number are reflected accordingly.	The Board reviewed the documents and information provided by UN-Women and confirmed the action taken by the Entity for travel-related issues. As a result, this recommendation is considered implemented.	X				
Total number of recommendations					17	9	6	–	2
Percentage of the total number of recommendations					100	53	35	–	12

Chapter III

Certification of the financial statements

Letter dated 30 April 2021 from the Director of the Division of Management and Administration of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors

Pursuant to financial rule 1201, I certify that, to the best of my knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements for the year ended 31 December 2020.

I acknowledge that:

The management is responsible for the integrity and objectivity of the financial information included in these financial statements;

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards and include certain amounts that are based on the management's best estimates and judgments;

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. The internal auditors continually review the accounting and control systems;

The management provided the internal auditor with full and free access to all accounting and financial records.

The recommendations of the Board of Auditors and internal auditors are reviewed by the management. Internal control procedures have been revised or are in the process of revision, as appropriate, in response to those recommendations.

I am in receipt of a letter of certification from the Chief Finance Officer, a.i., Bureau of Management, United Nations Development Programme (UNDP), which provides the same assurances with respect to UNDP accounting procedures and related systems of control to the extent that services are provided by UNDP to the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), in accordance with the service level agreements currently in force.

(Signed) Moez **Doraid**
Director, Division of Management and Administration
United Nations Entity for Gender Equality
and the Empowerment of Women

Chapter IV

Financial report for the year ended 31 December 2020

A. Introduction

1. The Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has the honour to submit the financial report for the year ending 31 December 2020, together with the audited financial statements and the report of the Board of Auditors. This submission is made in compliance with regulations 12.1 and 26.2 of the financial regulations and rules of UN-Women. The annual financial statements cover all the resources for which the Executive Director is responsible.

2. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and were transmitted to the Board of Auditors on 30 April 2021. The Advisory Committee on Administrative and Budgetary Questions has received the financial statements of UN-Women for 2020, as required by financial rule 1202. The Board of Auditors has given its opinion and report on the 2020 financial statements, both of which are also submitted to members of the Executive Board.

3. The achievement of gender equality, the empowerment of women and girls and the realization of their human rights are objectives in themselves as well as prerequisites and drivers for sustainable development, peace and security and human rights and humanitarian action. UN-Women has completed its tenth year of operating as a composite entity since its creation by the General Assembly in resolution [64/289](#). The Assembly, the Economic and Social Council and the Commission on the Status of Women provide guidance for the normative support functions of UN-Women; the Assembly, the Council and the Executive Board of UN-Women provide guidance for its operational activities.

B. Resource mobilization and funding status

4. In 2020, UN-Women achieved total contributions revenue in the amount of \$520.4 million (2019 (restated): \$445.6 million), giving a strong impetus to the third year of the implementation of the UN-Women strategic plan 2018–2021 and reaching and exceeding its \$500 million goal for the second year.

5. UN-Women is funded mainly by voluntary contributions (95 per cent in 2020), comprising regular resources and other resources to finance its operational activities. Assessed contributions (2 per cent in 2020) are received from the United Nations Secretariat to contribute to the normative support functions of UN-Women.

6. Income projections were articulated in the Entity's 2020–2021 integrated budget and were set at \$485 million: \$200 million for regular resources and \$285 million for other resources. Voluntary contributions in 2020 comprised \$153.2 million in regular resources (2019 (restated): \$118.1 million) and \$357.6 million in other resources (2019 (restated): \$317.4 million). While other resources exceeded the revenue projections of the integrated budget by \$72.6 million, a funding gap remains, with a shortfall in regular resources of \$46.8 million, or 23 per cent of the integrated budget's revenue projections.

7. A total of 91 Governments contributed to UN-Women resources in 2020, providing 71 per cent of the total voluntary funding. The 15 largest Government and/or intergovernmental contributors in 2020 were the European Commission, Sweden, Finland, Denmark, Germany, Japan, Australia, Norway, the United States of

America, the Republic of Korea, Canada, the Netherlands, Italy, the United Kingdom of Great Britain and Northern Ireland and the United Arab Emirates.

8. Revenue from private sector donors (corporations, foundations, national committees and individual donors) was \$16.6 million in 2020 (2019 (restated): \$31.0 million). Among the top private sector contributors were the Bill and Melinda Gates Foundation and BHP Billiton Foundation.

9. Contributions received through United Nations inter-organizational arrangements were \$105.2 million (2019 (restated): \$76.9 million). The top three United Nations system contributors in 2020 were the Multi-Partner Trust Fund Office, which administers joint programme funds (including \$5.2 million from the COVID-19 response and recovery multi-partner trust fund); the Peacebuilding Fund; and the United Nations Development Programme (UNDP).

10. UN-Women expresses its appreciation to its funding partners for investing in gender equality and the empowerment of women during 2020, the year of the coronavirus disease (COVID-19) pandemic. The Entity will continue to strengthen its resource mobilization and fundraising activities, focusing on: (a) cultivating and growing partnerships with other United Nations agencies and intergovernmental organizations, including international financial institutions, and harnessing tools such as the Gender Equality Marker; (b) deepening engagement with partners, including through the structured dialogue on financing and partner consultations, and championing United Nations reform vehicles such as the Secretary-General's funding compact; (c) growing partnerships with the private sector, including corporations and foundations, and increasing private individual giving through the network of national committees; and (d) leveraging advocacy activities, including the Generation Equality Action Coalitions, the "HeForShe" campaign, the Unstereotype Alliance and the Women's Empowerment Principles, to grow partnerships and attract financing for gender equality and women's empowerment and explore ways to generate increased revenue for the Entity.

C. Major achievements, institution-building and progress on organizational effectiveness and efficiency in 2020

1. Implementation of strategic priorities

11. The year 2020 represented the third year of implementation of the UN-Women strategic plan 2018–2021 and its five outcome areas: (a) a comprehensive and dynamic set of global norms, policies and standards on gender equality and women's empowerment is strengthened and implemented; (b) women lead, participate in and benefit equally from governance systems; (c) women have income security, decent work and economic autonomy; (d) all women and girls live a life free from violence; (e) women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and from humanitarian action.

12. At the outset of the COVID-19 pandemic, UN-Women responded swiftly, leveraging its triple mandate to bring attention to gender dimensions at both the global and country levels. A COVID-19 programmatic response framework focused on five areas grounded in the Entity's proven expertise: ending violence against women; economic resilience; leadership and participation; gender statistics; and humanitarian action.

13. UN-Women delivered programme support in 95 countries and territories in 2020 (2019: 122), with programme expenditures reaching a record \$341.4 million (2019: \$326.1 million). Expenditures in the field have increased by 108 per cent over the

past five years. Joint programmes accounted for 26 per cent of the Entity's total programme expenditures, a significant increase since 2019, while gender equality remained the most common joint programming area.

14. UN-Women achieved positive results overall in 2020, the third year of its strategic plan 2018–2021. It achieved good performance for 83 per cent of all assessable strategic plan indicators, including 89 per cent of assessable development results milestones at the output level.

15. UN-Women continued efforts to strengthen the integration of gender perspectives into intergovernmental processes and bodies, although impacts resulting from the COVID-19 pandemic required significant adjustments, including with regard to ensuring business continuity. In 2020, the General Assembly integrated a gender perspective into 47 per cent of its resolutions, an increase over previous years. Analysis of voluntary national reviews presented to the high-level political forum revealed that only 52 per cent integrated a gender perspective across all Sustainable Development Goals (a drop from 2019 owing to a more rigorous assessment methodology). Despite the pandemic, the sixty-fourth session of the Commission on the Status of Women, commemorating the twenty-fifth anniversary of the Fourth World Conference on Women, brought significant results. As the substantive secretariat of the Commission, UN-Women made extensive preparations and mobilized stakeholders, leading to a strong political declaration. It drew on the global synthesis report of the Secretary-General on the review and appraisal of the Beijing Declaration and Platform for Action 25 years after its adoption ([E/CN.6/2020/3](#)), which was based on 173 national reports and collaboration with United Nations regional commissions in their review processes. Some 76 per cent of Member States expressed satisfaction with the support provided by UN-Women.

16. In 2020, 70 UN-Women initiatives helped non-governmental organizations contribute to global policy discussions in countries. While this figure was larger than in previous years, the number of countries reporting results against this indicator remained constant.

17. UN-Women strengthened the reflection of gender perspectives in the work of the Human Rights Council, including with regard to the recommendations of the Working Group on the Universal Periodic Review, by providing technical support to Member States as well as contributing to the thematic report of the Special Rapporteur on violence against women and other special procedure mandate holders.

18. UN-Women continued to support the implementation of the Convention on the Elimination of All Forms of Discrimination against Women. In 2020, the Entity supported 83.3 per cent of United Nations country team reports to the Committee of the Elimination of Discrimination against Women. UN-Women supported the adoption of legal reforms in alignment with the Convention, including the law combating domestic violence in Moldova and the decree on the implementation of the labour code in Viet Nam, which addresses, for the first time in that country, sexual harassment in the workplace.

19. COVID-19 highlighted the imperative of anchoring gender equality in laws, policies and budgets, while strengthening institutional capacities and women's access to decision-making so that measures effectively meet women's priorities. In 2020, UN-Women, in collaboration with partners, contributed to major achievements towards gender equality and women's empowerment. A total of 262 legislative reform initiatives were undertaken, 68 per cent of which addressed discriminatory laws and practices. Fifteen new national development strategies were supported to be gender-responsive. More than 28,000 women living with HIV gained enhanced leadership skills, participated in decision-making and benefited from livelihood support. With support from UN-Women, 28 initiatives were developed to monitor violence against

women in politics and 51,485 women were able to access legal aid. Eight countries integrated gender statistics into their national statistics strategies.

20. UN-Women contributed to the strengthening of women's income security and economic autonomy by supporting the development and/or implementation of 30 new or improved gender-responsive policies on land rights, and supporting the adoption of 18 legal, regulatory and policy frameworks on decent work for women and 19 on gender-responsive social protection. In addition, 1,630 companies signed the Women's Empowerment Principles.

21. UN-Women drew global attention to the increasing "shadow pandemic" of violence against women and girls during the COVID-19 pandemic. The COVID-19 pandemic had a negative impact on the institutional stability of many partner organizations at a time when prevention and response measures were most needed. Technical support helped 10 countries develop or improve guidelines, protocols and standard operating procedures to provide quality services to survivors. Nineteen new Safe Cities and Safe Public Spaces partnerships were established. Five countries conducted community activities on gender equality and respectful relationships and developed national curricula on gender and violence against women, bringing the total number of countries who have done both to 34.

22. UN-Women continued its efforts to increase women's engagement and leadership in peacebuilding and humanitarian response. Of the resolutions adopted by the Security Council in 2020, 64 per cent referenced gender equality issues. A notable increase in support from UN-Women to civil society to influence formal and informal peace processes, despite the pandemic, meant that 1,253 organizations benefited from financial and technical support. Among publicly available humanitarian needs overviews for 2021, 100 per cent included sex- and age-disaggregated data and some gender analysis, often drawing from analyses led by UN-Women. More than half a million women and girls benefited from Entity-supported humanitarian services.

23. Geographically, the highest level of expenditure continued to be in sub-Saharan Africa, followed by Asia and the Pacific and the Arab States. Thematically, work on peace and security and humanitarian action had the highest expenditure, followed by work on ending violence against women.

24. UN-Women continued to lead, coordinate and promote the accountability of the United Nations system on gender equality and women's empowerment. In 2020, a record 70 United Nations entities (95 per cent) reported under the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP 2.0). Of those ratings, 62 per cent, an increase of two percentage points, met or exceeded requirements. With technical support from UN-Women, some key system-wide financing instruments strengthened focus on gender equality; 65 per cent of funding from the second call of the COVID-19 response and recovery multi-partner trust fund went to proposals that had gender equality as the principal objective. Finally, to accelerate the Secretary-General's system-wide strategy on gender parity, UN-Women produced the field-specific Enabling Environment Guidelines.

2. Organizational effectiveness and efficiency

25. Organizational effectiveness and efficiency have continued to show significant progress. After 10 years of operation, UN-Women continues to improve systems for performance management and reporting, financial accountability, audit, human resources management, risk management and operational infrastructure and has a strong, independent evaluation function. In 2020, it received a ninth consecutive unqualified audit report, confirming that the financial statements are in accordance with IPSAS and that transactions tested as part of the audit have in all significant respects been in accordance with the financial regulations and rules of UN-Women.

26. UN-Women continued its efforts to strengthen and expand partnerships for gender equality and women's empowerment. Multi-stakeholder partnerships with broadened constituencies of civil society, including networks of men and boys and youth groups, together with Governments, United Nations entities and the private sector, shaped the Generation Equality Forum and its outcomes. Support went to more than 1,000 initiatives of civil society mechanisms, including those led by civil society advisory groups. In 50 countries, assistance helped 590 women's organizations mitigate the impacts of COVID-19. UN-Women engaged men and boys and faith-based organizations in 45 countries, and 64 country offices mobilized youth to accelerate gender equality. Many former HeForShe Champions now lead Generation Equality Action Coalitions.

27. The Entity's visibility in the media continued to increase, with 42,603 news articles mentioning UN-Women in 2020, representing a 13 per cent increase in media mentions from 2019. Social media reached 12.7 million followers in 2020, an increase of 25 per cent over 2019. HeForShe reached a growing audience of 3.2 million supporters (2.3 million in 2019) and continued to be an effective model to leverage the private sector for gender equality. The UN-Women website was visited by 7.4 million unique visitors in 2020, a 33 per cent increase from 2019. The Entity's 14 Goodwill Ambassadors continued to play a key role in advancing the agenda with diverse audiences.

28. Following a risk-informed COVID-19-related business impact analysis and reprogramming exercise, UN-Women nimbly responded to the new context, strengthening programming through enhanced knowledge, innovation and results-based management. Timely and targeted evidence-based knowledge products, including COVID-19 policy briefs and other publications, and the Asia and the Pacific in Focus knowledge portal on "Gender equality matters in COVID-19 response", supported Governments and other partners. Eleven country offices explored innovative digital initiatives to better address women's and girls' challenges during the pandemic. In addition, the UN-Women Training Centre provided 127,651 participants (80,567 women and 47,084 men) with new knowledge and skills on gender equality and women's empowerment, a 90 per cent increase from the previous year. In all, 90 per cent of evaluation reports were rated "good" or "very good", up from 68 per cent in 2019.

29. Throughout 2020, UN-Women continued to improve the management of human and financial resources. In 2020, the Entity brought critical support closer to its predominantly field-based workforce through the regional human resources business partner functions and their communities of practice, addressing human resources issues directly at the field level while also addressing unprecedented challenges related to the pandemic. Fast-track procedures for human resources and virtual deployment rosters were developed and implemented to address urgent staffing needs. The COVID-19 crisis strengthened the focus on duty of care and the provision of human resources services, resulting in the revision of policies and guidance to enable the managers and workforce of the Entity to cope with that crisis. UN-Women strengthened its well-being and mental health offerings to ensure dedicated support for all personnel. Performance management that links individual goals to strategic plan outputs was strengthened across the organization. Efforts continued towards the roll-out of the fraud risk management plan, and new cloud-based tools improved cybersecurity within the organization.

30. UN-Women witnessed steady progress in the timeliness of donor reports, improving from 73 per cent in 2019 to 75 per cent in 2020. Donors rated themselves as "satisfied" or "very satisfied" with the donor reports in 94 per cent of the responses received through the satisfaction survey conducted in 2020. In 2021, to expedite progress, corporate guidance on donor reporting will be updated to strengthen

regional accountability and oversight, and training on donor reporting will continue to be provided to the field to build capacity.

31. UN-Women made significant progress in 2020 towards delivering more impactful results through a repositioned United Nations development system. It continued its change management process to become a more effective and efficient organization. Key progress included the development of a clear and systematic process for establishing and changing its country presence to define the types of presence required for physical and non-physical modalities, the establishment and refinement of a quarterly business review tool and the strengthening of corporate performance management mechanisms. These changes have optimized the Entity's institutional capacity to deliver in the context of a repositioned United Nations development system and are aimed at creating a more accountable organization.

3. Transparency and accountability

32. Lessons and recommendations from evaluations and internal audits were used by UN-Women to inform key strategic planning processes, including the development of the new strategic plan 2022–2025. This included the Independent Evaluation Service-led effectiveness and efficiency assessment of the UN-Women flagship programme initiatives and thematic priorities of the strategic plan 2018–2021 and a meta-synthesis of UN-Women evaluations.

33. In 2020, UN-Women continued with financial transparency by reporting on all six financial data standards set out in the data cube initiative. The Entity's International Aid Transparency Initiative score reached 87, up from 85 in 2019.

34. In 2020, the Independent Evaluation Service continued to be independent of the Entity's management operationally and in determining and reporting on the scope of its work. In addition, the Executive Board endorsed the Entity's revised evaluation policy that, inter alia, further strengthened the evaluation implementation modality, in which the staff of the Independent Evaluation Service assume a greater role in leading strategic evaluations.

35. In terms of evaluation key performance indicators, UN-Women saw overall positive progress despite the challenges imposed by the global COVID-19 pandemic. A total of 98 per cent of country and regional offices appointed at least one monitoring and evaluation officer or focal point, and 92 per cent of field offices completed at least one evaluation during their strategic note. Following some adjustments to adapt to the COVID-19 pandemic, a total of 95 per cent of planned evaluations were implemented. With regard to the 31 evaluations completed in 2020, all of the evaluation reports were externally assessed as "fair and above". The increase in strategic evaluations reflects the Entity's continued commitment to evaluation at the decentralized level. In 2020, seven country portfolio evaluations were completed, while six were initiated. All completed evaluations received a management response at the time of reporting, and the implementation of agreed management actions for evaluations completed in the previous year reached 89 per cent.

36. The Advisory Committee on Oversight reported to the Executive Board at its annual session in 2020 on the advice that it had provided to the Executive Director. The Committee contributes to the promotion of a culture of oversight. Its members assist the Executive Director in her oversight duties.

37. Internal audit engagements generally covered governance, risk management and controls in the selected offices or were related to the Entity's processes. In 2020, the Internal Audit Service conducted 16 internal audit and advisory engagements related to the 2020 audit plan, with all final reports issued by the first week of March 2021. Seven audited entities were rated by the Internal Audit Service as "some improvement

needed” and one audited entity was rated as “major improvement needed”, while the remaining eight were advisory or other engagements, which used a different assessment methodology.

38. The implementation rate of internal audit recommendations prior to those made in 2020 was 93 per cent as a yearly average over the past five years. The 2020 annual overall opinion of the Internal Audit Service was that, based on the internal audit work performed in 2020, the Entity’s governance, risk management and control processes were generally established and functioning but needed some improvement. The Service noted the efforts UN-Women made to enhance governance and risk management in 2020. At the same time, the Service’s 2020 audit and advisory assignments identified some overarching areas for improvement that require executive management attention. These are summarized in the 2020 annual report on internal audit and investigation services.

4. External audit recommendations

39. The management of UN-Women is committed to implementing the external audit recommendations issued by the Board of Auditors. The financial year 2020 has been a very challenging year for everyone, including UN-Women, with the operational restrictions imposed by the COVID-19 pandemic. Nonetheless, UN-Women completed actions on 8 of the 11 audit recommendations issued by the Board for 2019. Of the eight completed recommendations, six have already been assessed as implemented, and two are awaiting review assessment for closure by the Board. Similarly, of the 12 recommendations issued by the Board for 2018, 11 have been assessed as implemented and closed. UN-Women anticipates completion by the second quarter of 2021 of all actions pertaining to the one remaining recommendation from 2018, which will then be ready for the Board’s assessment and closure. Lastly, only one recommendation from 2017 is under implementation, with clarifications to be provided to the Board’s additional questions. All recommendations issued prior to 2016 have been closed. The Entity’s completed actions with regard to other initiatives resulted in the Board’s assessment as “overtaken by events” and the closure of two of its prior years’ recommendations from 2016 and 2017. The Entity’s expected closure rate for prior years’ external audit recommendations is 70 per cent as at 31 December 2020.

D. Financial performance

Summary of financial results

40. During 2020, following a recommendation from the external auditors, UN-Women revised its revenue recognition policy. Under the previous policy, UN-Women recognized revenue based on payment plan due dates included in the donor agreements, which served as a proxy for identifying the period in which programmatic activities were being carried out and conditions were met. Under the new policy, revenue is recognized in full, including for multi-year contributions, at the time the agreement is signed, as agreements are taken to have stipulations and restrictions rather than conditions. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature.

41. Prior-year information for 2019 has been restated to allow comparison with a decrease in revenue of \$64.9 million, or 12.3 per cent, over what was previously

reported. Further information on the change in policy and its impact can be found in note 3 to the financial statements.

42. The main financial results for 2020 are summarized as follows:

(a) Total revenue reached \$535.7 million, an increase of 15.8 per cent from the 2019 amount of \$462.5 million (restated). This is the second time that contribution revenue generated by UN-Women since its inception has reached and exceeded the \$500 million revenue target set in 2011;

(b) Voluntary contributions increased by \$40.2 million, or 12.7 per cent. Funding received from the Spotlight Initiative of the European Commission represented 13.6 per cent of total other resources, and funding directly related to the Entity's COVID-19 response represented 9.3 per cent of total other resources;

(c) Regular resources increased by \$35.1 million, or 29.7 per cent, with 4 of the top 20 contributing Member States citing COVID-19 as one of the factors that led to their increased regular resource contribution;

(d) Total assets increased by 12.3 per cent, to \$1 billion, composed of increased accounts receivable as a result of 2018 and 2019 restatements to reflect changes in the Entity's accounting policy for revenue recognition (see note 3 to the financial statements), as well as cash and investments that accumulated as regular resources and other resources contributions collected exceeded expenses paid in the financial year;

(e) Employee benefits liabilities increased by 21.2 per cent, to \$132.7 million, owing largely to the impact of staff not taking their planned leave entitlements in 2020 as a result of the COVID-19 pandemic and the use of travel limitations as a means to contain the pandemic. Furthermore, the normal limitation on the carrying forward of annual leave balances was relaxed at year end, resulting in an additional annual leave liability. The increase, combined with funding set aside during the year, increased the funded portion of employee benefits liabilities to 76.9 per cent.

Surplus

43. As total revenue for UN-Women was \$535.7 million and total expenses were \$439.5 million, the Entity recorded a surplus of \$96.2 million for the year ended 31 December 2020, compared with a surplus of \$41.6 million for 2019 (restated). Other resources contributed \$75.8 million, or 78.8 per cent of the total surplus of \$96.2 million.

Financial performance by funding source

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2020</i>	<i>2019 (restated)</i>
Total revenue	165 377	386 416	10 971	(27 067)	535 697	462 468
Total expenses	144 512	310 657	11 408	(27 067)	439 510	420 890
Surplus/(deficit) for the year	20 865	75 759	(437)	–	96 187	41 578

Revenue

44. The increase in voluntary contributions from donors in 2020 of \$75.3 million was represented by an increase in regular resources of \$35.1 million and an increase in other resources of \$40.2 million. The increase in other resources was mainly a result of contributions from the European Commission, including the Spotlight

Initiative, of \$74.6 million, and from donors to the Entity's COVID-19 response of \$33.1 million.

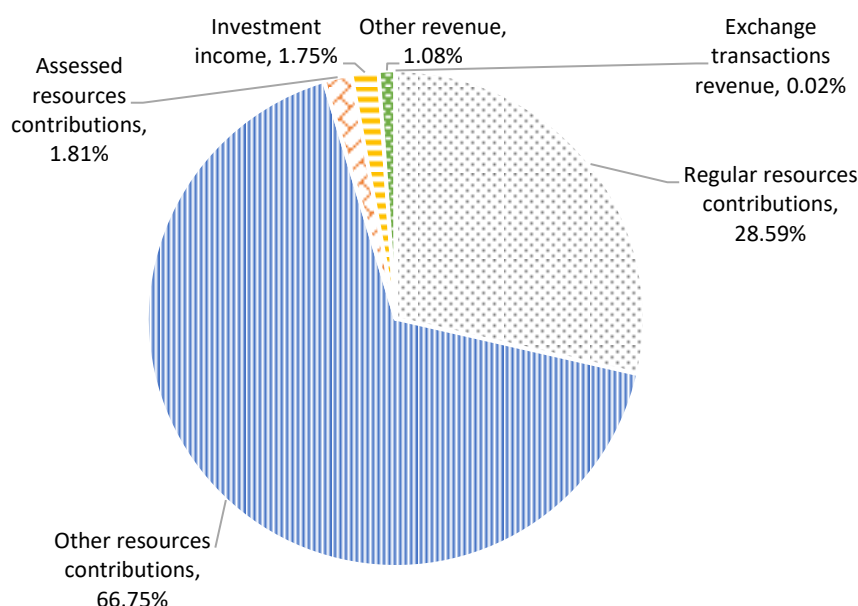
Revenue analysis

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2020</i>	<i>2019 (restated)</i>
Contributions	153 165	357 580	9 692	–	520 437	445 621
Investment revenue	8 431	939	–	–	9 370	12 829
Other revenue	3 781	27 791	1 279	(27 067)	5 784	3 857
Exchange transactions revenue	–	106	–	–	106	161
Total	165 377	386 416	10 971	(27 067)	535 697	462 468

45. The total revenue for 2020 includes revenue received and receivable, in accordance with IPSAS. The matching principle of revenue and expense does not apply for non-exchange transactions (see notes 2 and 3 to the financial statements).

Figure IV.I
2020 revenue by nature



46. In figure IV.I, of the total revenue of \$535.7 million (2019 (restated): \$462.5 million), contributions accounted for \$520.4 million (2019 (restated): \$445.6 million) and comprised:

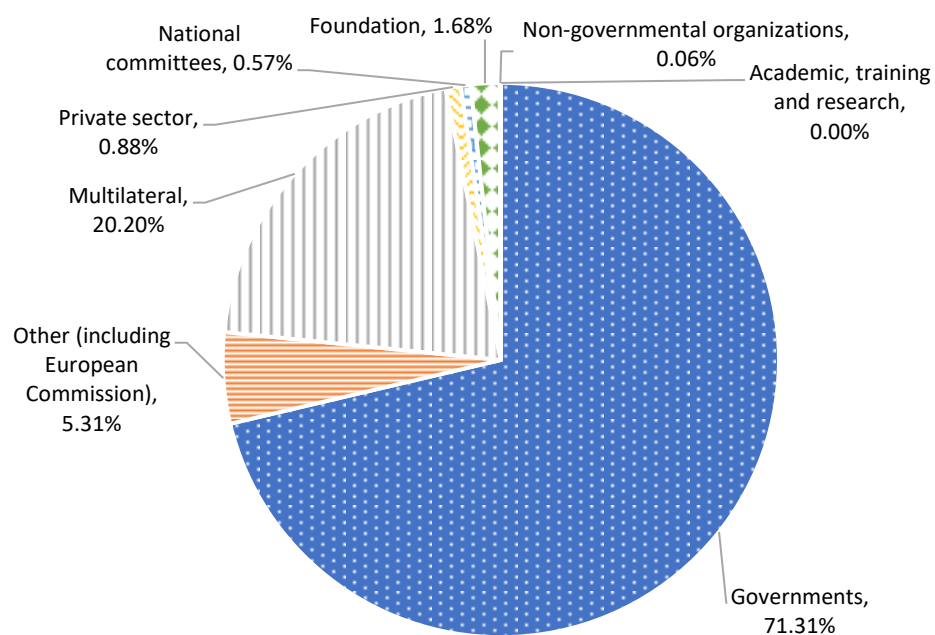
(a) Voluntary regular resources of \$153.2 million, or 28.6 per cent (2019 (restated): \$118.1 million, or 25.5 per cent), which are unearmarked and fund the operational requirements and projects and programmes of UN-Women;

(b) Voluntary other resources of \$357.6 million, or 66.8 per cent (2019 (restated): \$317.4 million, or 68.6 per cent), which are earmarked for specific programmes and projects;

(c) Assessed resources from the United Nations regular budget of \$9.7 million, or 1.8 per cent (2019 (restated): \$10.2 million, or 2.2 per cent), which fund the normative and intergovernmental work of UN-Women.

Figure IV.II

2020 voluntary contributions by donor type



47. Figure IV.II shows the breakdown of voluntary contributions revenue for 2020 by donor type, as follows:

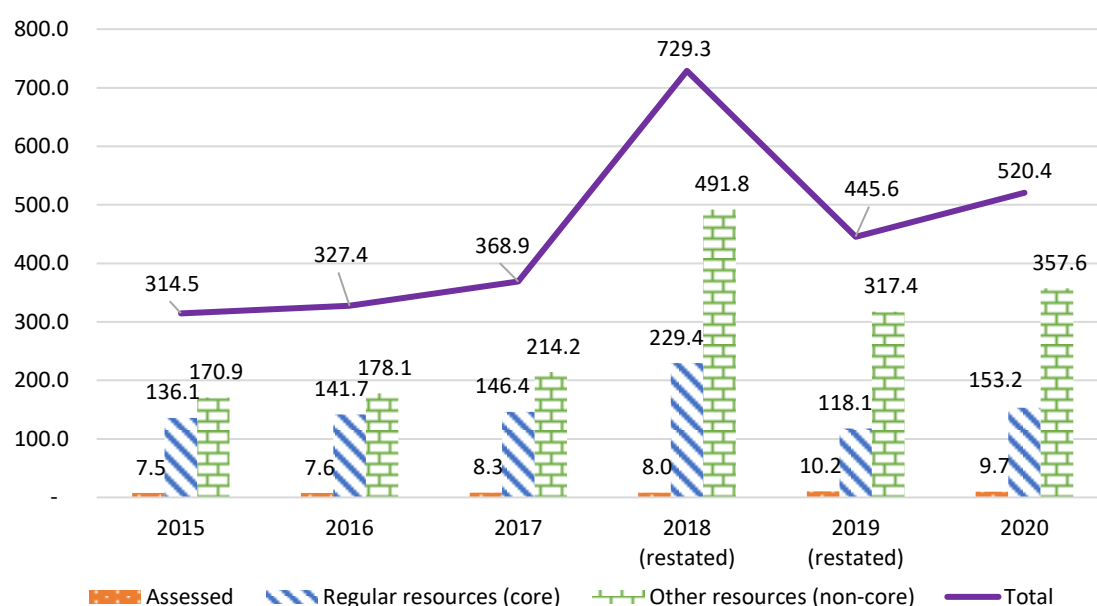
(a) UN-Women revenue is sourced mostly from government and intergovernmental agencies (other), which contributed \$371.1 million, or 71.3 per cent (2019 (restated): \$274.7 million, or 60.3 per cent), of the revenue;

(b) Multilaterals contributed \$105.2 million, or 20.2 per cent (2019 (restated): \$76.9 million, or 16.9 per cent);

(c) The private sector, national committees, foundations and other donors contributed \$16.6 million, or 3.2 per cent (2019 (restated): \$31 million, or 6.8 per cent).

Figure IV.III
Trend in contributions revenue

(Millions of United States dollars)



Note: In 2020, UN-Women changed its accounting policy for revenue recognition. The 2018 and 2019 amounts were restated to reflect this change in policy. See note 3 to the financial statements.

Expenditure

48. The total expenses for 2020 amount to \$439.5 million (2019: \$420.9 million) and represent expenses incurred, both paid and payable. Of the total expenses, regular resources represent \$144.5 million, or 32.9 per cent (2019: \$155.7 million, or 37.0 per cent), other resources (after reduction for elimination items) represent \$310.7 million, or 70.7 per cent (2019: \$254 million, or 60.4 per cent) and assessed expenses represent \$11.4 million, or 2.6 per cent (2019: \$11.1 million, or 2.7 per cent). The other resource expenses for the year include programme and project delivery during the year from unspent 2019 budgets, as well as current-year budgets.

49. Expenditure analysis for 2020 compared with 2019 showed a significant reduction in travel expenses of \$21.9 million or 61 per cent, from \$35.7 million in 2019 to \$13.7 million in 2020, primarily as a result of travel bans and restrictions and the cancellation or postponement of duty travel, as well as the impact of the COVID-19 pandemic on assignment- and repatriation-related travel patterns. Increases in employee benefits, contractual services and grants were the result of higher expenditure under other resources in 2020 in the amount of \$310.7 million (2019: \$278.7 million) linked to programmatic delivery, including the Spotlight Initiative programme.

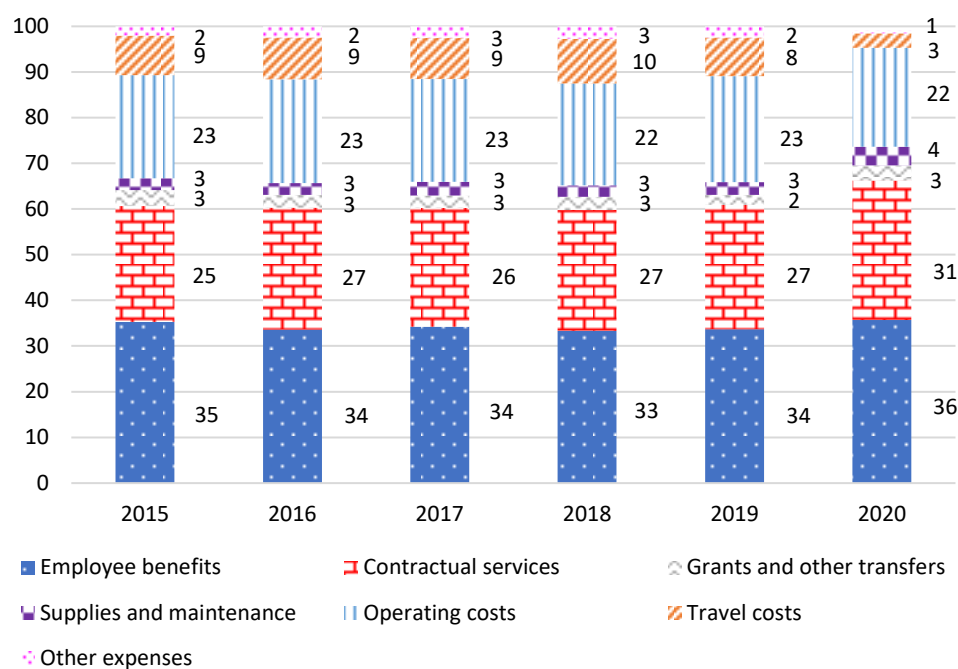
Expenditure analysis

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	2020	2019
Employee benefits	88 265	58 536	9 937	—	156 738	141 833
Contractual services	20 700	113 441	263	—	134 404	114 665
Grants and other transfers	71	14 345	—	—	14 416	9 155
Supplies and maintenance	4 783	13 214	84	—	18 081	11 754
Operating costs	25 692	95 643	1 095	(27 067)	95 363	97 459
Travel	2 398	11 309	25	—	13 732	35 657
Depreciation and amortization	1 904	645	2	—	2 551	2 783
Finance costs	98	160	—	—	258	271
Other expenses	601	3 364	2	—	3 967	7 313
Total	144 512	310 657	11 408	(27 067)	439 510	420 890

Figure IV.IV
Trend in expenses by nature

(Percentage of total expenses)



Net assets and liabilities**Financial position by funding source**

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	2020	2019 (restated)
Total assets	341 016	711 694	(3 248)	1 049 462	934 895
Total liabilities	158 539	15 084	–	173 623	148 698
Total net assets/equity	182 477	696 610	(3 248)	875 839	786 197

50. Total net assets/equity by segment (see note 5 to the financial statements) comprise:

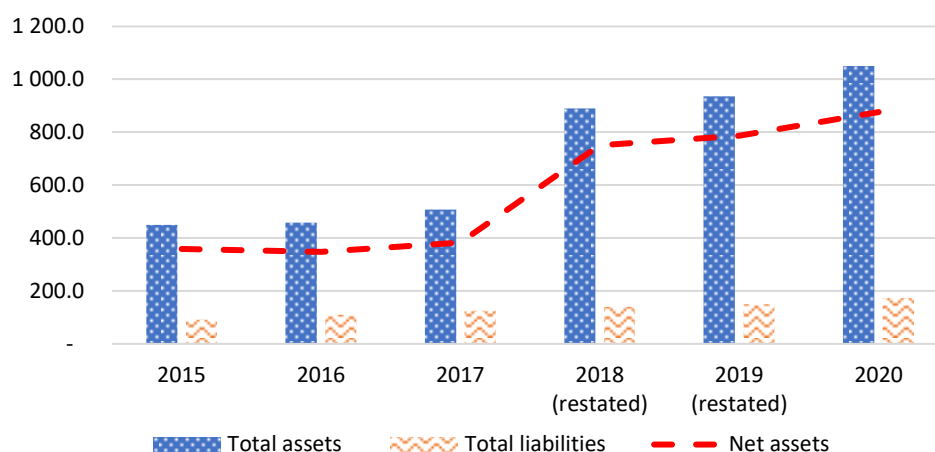
(a) Regular resources: the cash required to fund operations for the first few months of the new financial year while UN-Women awaits new voluntary contributions from donor Governments, funds for employee benefits and liabilities;

(b) Other resources: the unspent budgets for earmarked projects and programmes, which will be expensed in future periods in accordance with donor agreements.

Figure IV.V

Total assets, liabilities and net assets, 2015–2020

(Millions of United States dollars)



Note: In 2020, UN-Women changed its accounting policy for revenue recognition. The 2018 and 2019 amounts were restated to reflect this change in policy. See note 3 to the financial statements.

51. Total net assets/equity by segment also comprise other items in relation to the financial position by segment as at 31 December 2020, including:

(a) Current assets of \$750.5 million exceeding current liabilities of \$59.2 million by \$691.3 million, indicating that the liquidity of UN-Women is very strong (current assets ratio of 12.7:1; 2019 (restated): 12.6:1), with regular resources representing \$236 million and other resources \$517.7 million of current assets;

(b) Investments and cash and cash equivalents amounting to \$732.2 million (2019: \$568.4 million), with cash and short-term investments of \$508.7 million for less than 12 months and \$223.5 million for long-term investments;

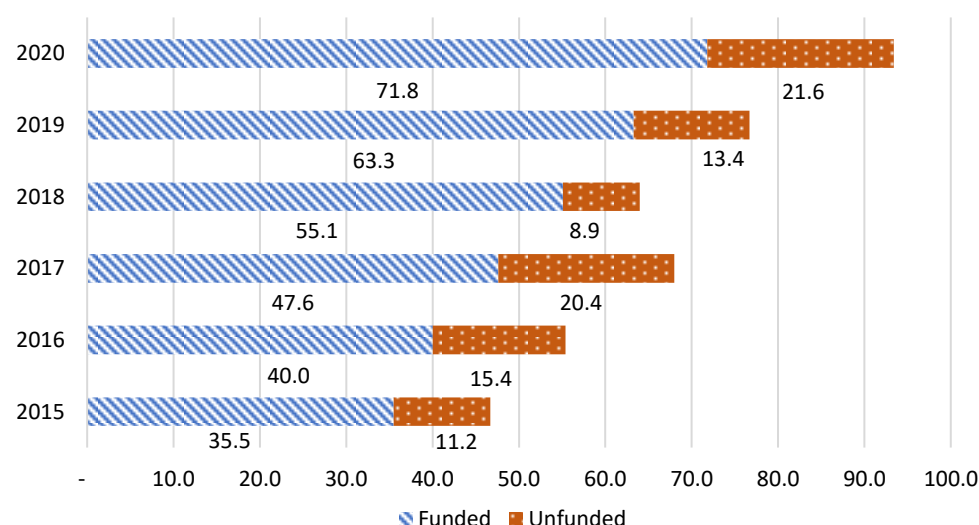
(c) Accounts receivable or unpaid voluntary contributions agreements amounting to \$255.7 million (2019 (restated): \$305.5 million), 83 per cent of which is from other resources for earmarked projects and programmes;

(d) Employee benefits (contractual obligations to employees, both current and retired) in the amount of \$132.7 million (2019: \$109.5 million) are valued by the actuary. The main liability relates to after-service health insurance of \$93.4 million (2019: \$76.7 million), which has been funded in the amount of \$71.8 million, or 77 per cent (2019: \$63.3 million, or 82 per cent). The portion of the liability for after-service health insurance for the category of active employees not yet fully eligible is \$65.7 million, or 70 per cent of the total accrued liability for after-service health insurance;

(e) Reserves include operational reserves of \$26.5 million and field accommodation reserves of \$1 million, as approved by the Executive Board in its decision 2012/8.

Figure IV.VI
After-service health insurance liability, 2015–2020

(Millions of United States dollars)



Budgetary performance

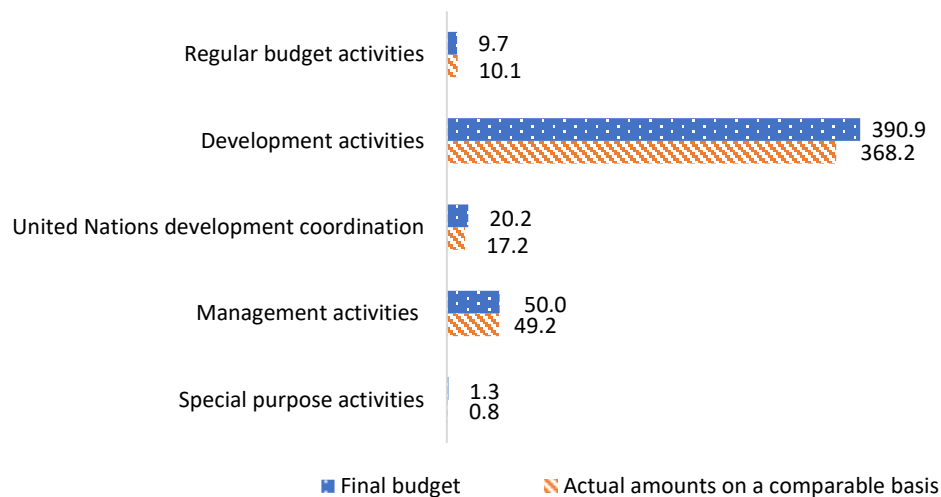
52. The integrated resources plan and the integrated budget set out the estimated financial resources for the strategic plan, covering both regular (core) and other (non-core) resources for 2020–2021. The integrated budget is prepared and presented on a biennial basis. The year 2020 represented approximately 50 per cent of the integrated budget estimates for the biennium 2020–2021.

53. The budget of UN-Women is prepared on a modified cash basis and is presented in the financial statements as statement V, comparison of budget and actual amounts on a comparable basis, with the additional inclusion of assessed resources (regular budget). In order to facilitate a comparison between the budget and the financial

statements prepared under IPSAS, a reconciliation of the budget with the cash flow statement is included in note 25 to the financial statements.

Figure IV.VII
Budget utilization for the year 2020

(Millions of United States dollars)



Conclusion

54. UN-Women closed 2020 in good financial health through strong donor support and sound financial management practices, including processes and controls designed to contain expenses within the available financial resources. The longer-term potential impact of the COVID-19 pandemic cannot reliably be measured or assessed at the time of writing.

Chapter V

Financial statements for the year ended 31 December 2020

United Nations Entity for Gender Equality and the Empowerment of Women

I. Statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	Reference	31 December 2020	31 December 2019 (restated)
Assets			
Current assets			
Cash and cash equivalents	Note 6	164 785	145 360
Investments	Note 7	343 899	245 530
Accounts receivable	Note 8	191 870	229 171
Advances	Note 9	42 651	43 395
Other assets	Note 10	7 249	5 792
Total current assets		750 454	669 248
Non-current assets			
Investments	Note 7	223 496	177 506
Accounts receivable	Note 8	63 879	76 325
Other assets	Note 10	10	17
Property, plant and equipment	Note 11	11 603	11 728
Intangible assets	Note 12	20	71
Total non-current assets		299 008	265 647
Total assets		1 049 462	934 895
Liabilities			
Current liabilities			
Accounts payable	Note 13	17 064	14 438
Employee benefits	Note 14	19 051	14 323
Other liabilities	Note 15	23 116	24 489
Total current liabilities		59 231	53 250
Non-current liabilities			
Employee benefits	Note 14	113 655	95 191
Other liabilities	Note 15	737	257
Total non-current liabilities		114 392	95 448
Total liabilities		173 623	148 698
Net assets		875 839	786 197
Net assets/equity			
Accumulated surplus/(deficit)	Note 16	838 617	753 668
Reserves	Note 17	37 222	32 529
Total net assets/equity		875 839	786 197

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

United Nations Entity for Gender Equality and the Empowerment of Women
II. Statement of financial performance for the year ended 31 December 2020

(Thousands of United States dollars)

	<i>Reference</i>	<i>2020</i>	<i>2019 (restated)</i>
Revenue			
Voluntary contributions	Note 18	510 745	435 459
Assessed contributions	Note 19	9 692	10 162
Investment revenue	Note 20	9 370	12 829
Other revenue	Note 21	5 784	3 857
Exchange transactions revenue	Note 22	106	161
Total revenue		535 697	462 468
Expenses			
Employee benefits	Note 23	156 738	141 833
Contractual services	Note 23	134 404	114 665
Grants and other transfers	Note 23	14 416	9 155
Supplies and maintenance	Note 23	18 081	11 754
Operating costs	Note 23	95 363	97 459
Travel costs	Note 23	13 732	35 657
Depreciation and amortization	Note 23	2 551	2 783
Finance costs	Note 23	258	271
Other expenses	Note 23	3 967	7 313
Total expenses		439 510	420 890
Surplus/(deficit) for the year		96 187	41 578

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

United Nations Entity for Gender Equality and the Empowerment of Women
**III. Statement of changes in net assets/equity for the year ended
31 December 2020**

(Thousands of United States dollars)

	<i>Reference</i>	<i>2020</i>	<i>2019 (restated)</i>
Net assets/equity at 31 December 2019		786 197	413 477
Change in revenue recognition policy	Note 3	–	336 965
Balance at 31 December 2019 (restated)		786 197	750 442
Movement during the year			
Current year surplus/(deficit)		96 187	41 578
Refunds to donors	Note 16	(2 974)	(2 356)
Changes in fair value of available-for-sale investments	Note 17	4 693	5 729
Actuarial gains/(losses)	Note 16	(8 264)	(9 196)
Net assets/equity at the end of the year		875 839	786 197

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

United Nations Entity for Gender Equality and the Empowerment of Women

IV. Statement of cash flow for the year ended 31 December 2020

(Thousands of United States dollars)

	<i>Reference</i>	<i>2020</i>	<i>2019 (restated)</i>
Cash flows from operating activities			
Net surplus/(deficit) for the year		96 187	41 578
Interest revenue		(6 756)	(10 552)
Amortization on investments		(2 177)	(1 758)
Dividend revenue		(437)	(519)
Unrealized (gain)/loss on foreign exchange		2 643	1 092
Depreciation and amortization expense	Note 23	2 551	2 783
(Increase)/decrease in accounts receivable		49 747	62 620
(Increase)/decrease in other assets		(2 483)	(680)
(Increase)/decrease in inventories		–	13
(Increase)/decrease in advances		744	(8 514)
Increase/(decrease) in accounts payable		2 626	(6 508)
Increase/(decrease) in employee benefits		23 192	19 495
Increase/(decrease) in other liabilities		(893)	(3 941)
(Gains)/losses on sale of property, plant and equipment		40	400
Refunds to donors	Note 16	(2 974)	(2 356)
Change in fair value of available-for-sale investments		(273)	(21)
Actuarial gains/(losses)	Note 16	(8 264)	(9 196)
Net cash generated from operating activities		153 473	83 936
Cash flows from investing activities			
Purchases of property, plant and equipment		(2 472)	(3 899)
Purchases of intangible assets		–	(9)
Proceeds from sales of property, plant and equipment		57	88
Purchases of investments – held to maturity	Note 7.1	(846 687)	(398 696)
Maturities of investments – held to maturity	Note 7.1	709 767	396 219
Interest received		9 966	12 527
Dividend received		437	528
Movement in investments – available-for-sale		(2 473)	(1 537)
Net cash generated from investing activities		(131 405)	5 221
Net (decrease)/increase in cash and cash equivalents		22 068	89 157
Cash and cash equivalent at beginning of year		145 360	57 295
Effect of exchange rate changes on cash and cash equivalents		(2 643)	(1 092)
Cash and cash equivalent at end of year	Note 6	164 785	145 360

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

United Nations Entity for Gender Equality and the Empowerment of Women

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2020

(Thousands of United States dollars)

	2020			<i>Difference between final budget and actual amounts</i>
	<i>Original budget</i>	<i>Final budget</i>	<i>Actual amounts on comparable basis</i>	
Regular budget activities	9 741	9 741	10 126	(385)
Development activities				
Programme	399 150	367 565	347 021	20 544
Development effectiveness	26 900	23 293	21 171	2 122
Subtotal	426 050	390 858	368 192	22 666
United Nations development coordination	16 000	20 205	17 192	3 013
Management activities				
Recurring	51 650	44 900	44 602	298
Evaluation	3 150	2 830	2 578	252
Audit and investigations	3 000	2 268	1 997	271
Subtotal	57 800	49 998	49 177	821
Special purpose activities				
Information and communications technology transformation	250	250	—	250
25-year review of the implementation of the Beijing Declaration and Platform for Action	450	450	374	76
Change management	800	637	442	195
Subtotal	1 500	1 337	816	521
Total budget	511 091	472 139	445 503	26 636
Total institutional budget	102 200	94 833	88 356	6 477

The accompanying notes are an integral part of these financial statements; see also note 25.

United Nations Entity for Gender Equality and the Empowerment of Women

Notes to the financial statements

Note 1

Reporting entity

The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established by the General Assembly in its resolution [64/289](#) of 2 July 2010 and became operational in January 2011. Grounded in the vision of equality enshrined in the Charter of the United Nations, UN-Women works towards the elimination of discrimination against women and girls; the economic empowerment of women; and the achievement of equality between women and men as partners in and beneficiaries of development, human rights, humanitarian action and peace and security.

UN-Women is mandated to support intergovernmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global norms and standards. The Entity mobilizes political will and resources to help Member States implement those standards, standing ready to provide suitable technical and financial support to those countries that request it and to forge successful partnerships with civil society. Furthermore, UN-Women has been assigned the mandate to hold the United Nations system accountable for its own commitment on gender equality through the system-wide action programme.

UN-Women is governed by its Executive Board, which consists of representatives of its Member States. The Executive Board guides the strategic direction and policies of the Entity to ensure that all operational aspects of the activities of UN-Women are executed effectively by the Executive Director and Under-Secretary-General.

UN-Women is headquartered in New York and is expanding its presence at the regional and country levels. The Entity's regional architecture comprises 6 regional offices, 3 multi-country offices, and 78 country offices and programme presences, as well as United Nations reform presences in 23 other countries, which enables it to pursue its goals of achieving gender equality and the empowerment of women. UN-Women serves the donor community and partners with liaison offices in Abu Dhabi, Addis Ababa, Brussels, Copenhagen, Geneva and Tokyo.

Note 2

Significant accounting policies

(a) Basis of preparation and authorization for issue

Authorization for issue

In accordance with financial regulation 12.1 of UN-Women, the Executive Director is responsible for the financial statements of the Entity. The Director, Division of Management and Administration, has certified that, to the best of his knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules. On 30 April 2021, the Executive Director authorized these financial statements to be submitted for audit.

Statement of compliance with the International Public Sector Accounting Standards

The financial statements of UN-Women have been prepared on an accrual and going concern basis in accordance with the International Public Sector Accounting Standards (IPSAS) and the financial regulations and rules of UN-Women.

Basis of recognition of revenue and expenses

Under the accrual basis of accounting, revenue and expenses (except for non-exchange transactions) are recognized in the financial statements in the period to which they relate.

Revenue

Voluntary contributions for regular resources are recognized as revenue when there is a signed agreement or letter of exchange (from a designated official of a Government), other than a pledge, or on a cash basis at the time that funds are received. Where a signed agreement or letter of exchange is received from a donor, including multi-year agreements, revenue is recognized in full at the time that the contribution agreement is signed, where no performance conditions are present. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature.

Voluntary contributions for other resources are recognized as revenue when a signed agreement is received from a donor during the financial year, based on the fair value of the benefit received, unless any stipulation defers this recognition. Where a signed agreement is received from a donor, including multi-year agreements, revenue is recognized in full at the time that the contribution agreement is signed, where no performance conditions are present. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature.

Assessed contributions are issued as an annual allotment from the United Nations regular budget and are assessed and approved for a two-year budget period. The amount of those contributions is then apportioned between the two years and recognized on a monthly basis.

In-kind contributions, except services, that directly support approved operations and activities, which have budgetary impact and can be reliably measured, are recognized at fair value as expense and contribution. Those contributions include use of premises and utilities.

In-kind contributions of services are not recognized, but the estimated cost saving is disclosed in note 18.

Donated property, plant and equipment are valued at fair market value and recognized as fixed assets and contributions. The donated right to use an asset is valued at the fair market value of the right to use. The excess of the fair market value of the right to use over any sums actually paid is shown as contribution income together with a matching expense. When transferred assets are received as contributions in kind and conditions requiring their return upon non-performance are disclosed in the agreements, a liability is initially recognized. When these conditions are satisfied, the revenue is recognized. When restrictions are disclosed in the agreements which do not require their return, the revenue is recognized upon confirmation of contributions.

Revenue from exchange transactions is recognized when it is probable that future economic benefits or service potential will flow to UN-Women and those benefits can be measured reliably. Revenue should be measured at the fair value of

the consideration received or receivable. When the consideration is cash or in a monetary amount, measurement shall be at this amount.

Expenses

Expenses are recognized when goods are delivered and services are rendered. Project expenses are recognized once UN-Women receives a financial report from the partner in order to evidence the completion of activities.

Under IPSAS, the matching principle of revenue and expense does not apply for non-exchange transactions. The focus of IPSAS is the financial position, which is evidenced by the recognition of assets when there is sufficient control and of liabilities when the criteria to recognize liabilities exist. As a consequence, the excess of revenue over expenses results in a surplus (or the excess of expenses over revenue results in a deficit), which is carried forward to the accumulated surplus or deficit. Accumulated surplus represents the unexpended portion of contributions to be utilized for future operational requirements of UN-Women.

(b) Foreign currency transactions

The functional and reporting currency of UN-Women is the United States dollar. Where transactions have been made in currencies other than the United States dollar, the amounts are translated into United States dollars at the prevailing United Nations operational rates of exchange at the date of the transaction. Monetary assets and liabilities in currencies other than the United States dollar are translated into the United States dollar at the prevailing United Nations operational rate of exchange in effect at the reporting date. Non-monetary assets and liabilities denominated in a currency other than the United States dollar that are measured at historical cost are translated at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses, both realized and unrealized, resulting from such transactions are accounted for in the statement of financial performance.

(c) Financial instruments

Financial instruments are recognized when UN-Women becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and UN-Women has transferred substantially all the risks and rewards of ownership.

Financial assets classification

UN-Women classifies financial assets into the following categories: held-to-maturity; available-for-sale; loans and receivables; and fair value through surplus or deficit in the statement of financial performance. The classification depends on the purpose for which the financial assets are acquired, and is determined at initial recognition and re-evaluated at each reporting date. All financial assets are initially measured at fair value. UN-Women initially recognizes loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date UN-Women becomes party to the contractual provisions of the instrument.

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

All categories of financial assets are assessed at each reporting date to determine whether there is objective evidence that an investment or group of investments is impaired. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in surplus or deficit in the statement of financial performance (directly or through the use of an allowance account) in the year in which they arise.

Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturities that UN-Women has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus transaction costs and subsequently recognized at amortized cost calculated using the effective interest method. UN-Women classified part of its investment portfolio as held-to-maturity assets.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets either designated in this category or not classified in any of the other categories. They are initially recorded at fair value plus transaction costs and subsequently reported at fair value with any resultant fair value gains or losses recognized directly in net assets/equity. Interest on available-for-sale financial assets is calculated using the effective interest method. When an available-for-sale financial asset is derecognized, the gain or deficit accumulated in net assets/equity is reclassified to surplus or deficit in the statement of financial performance. Fair values used for subsequent measurement are based on quoted market prices from reputable vendors.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, net of impairment for restricted-use currencies. Financial instruments classified as cash equivalents include investments with a maturity of three months or less from the date of acquisition.

Loans and receivables

Loans and receivables are 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 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. As at 31 December 2020, UN-Women did not have any loans.

Accounts receivable are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UN-Women will not be able to collect all amounts due according to the original terms of the receivable.

Advances and other receivables are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. Advances represent cash advance payments to partners contracted in the context of programme execution. These advances are recognized at fair value as a receivable. The expense is recognized in the statement of financial performance once UN-Women receives a financial report from the partner to evidence completion of activities. Advances also include payments

on behalf of United Nations agencies and staff members are issued cash advance payments which are recognized at fair value as receivables. The expense is recognized when the advance is liquidated through a claim or repayment of the advance. Other receivables represent prepayments on contracts where goods or services are yet to be delivered or rendered.

Fair value through surplus or deficit financial assets

Fair value through surplus or deficit financial assets are so designated on initial recognition or are held for trading. They are initially recorded at fair value and any transaction costs are expensed. The assets are measured at fair value at each reporting date, and any resultant fair value gains or losses are recognized through surplus and deficit. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties in accordance with United Nations Development Programme (UNDP) investment guidelines. UN-Women classifies derivatives as financial assets at fair value through surplus and deficit in the statement of financial performance. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Assets in this category are classified as current assets if they are expected to be realized within 12 months of the reporting date. UN-Women does not apply hedge accounting treatment for derivatives.

(d) Inventories

Inventories held for distribution at no charge are stated at the lower of cost and current replacement cost. As there is no related revenue for inventory distributed, the expense is recognized when the goods are distributed. No-charge publication materials that would be defined as inventory are technical publications that relate directly to the programmatic and normative operations and are under the control of UN-Women. These publications must also have longevity where their content remains relevant and valid for more than a 12-month period to be defined as inventory. Publications produced by partners and held for distribution or used by them are not considered to be under the control of UN-Women and therefore are not inventory. No-charge publication materials and campaign brochures prepared by UN-Women for only advertising and promotional information purposes are not inventory. These items normally do not have longevity and are generally used within a 12-month period, as they are produced for a one-off event or purpose, and therefore the value of any remaining materials on hand at year end would be significantly depreciated. Accordingly, the cost of publication material and campaign brochures used for advertising and promotional information is recognized as an expense when incurred.

Inventories held for sale are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Cost is determined using the first-in, first-out inventory valuation method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories acquired through a non-exchange transaction, such as donated goods, is measured as their fair value at the date of acquisition. As at 31 December 2020, UN-Women did not have any inventories held for sale and had not acquired any inventory through a non-exchange transaction.

(e) Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and any impairment losses. The capitalization threshold for property,

plant and equipment for which UN-Women has control is a total cost of at least \$1,000 per unit. Depreciation is provided for property, plant and equipment over the estimated useful life of each asset using the straight-line method, except for land, which is not subject to depreciation. Historic cost includes expenditures directly attributable to the acquisition of assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to UN-Women and the cost can be measured reliably. The estimation of the useful life of the asset is a matter of judgment based on the experience of UN-Women with similar assets. Therefore, the useful life of an asset may be shorter than its economic life. Repair and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

UN-Women is deemed to control an asset if it can use or otherwise benefit from the asset in pursuit of its objectives and if the Entity can exclude or regulate the access of third parties to the asset. This can be the case when UN-Women is implementing a project directly. Project assets that are not controlled by UN-Women are expensed as incurred. Leasehold improvements are recognized as assets in cases in which the total cost is \$1,000 or more, valued at cost and depreciated over the lesser of the remaining useful life of the improvements or the lease term. Impairment reviews are undertaken for all assets at least annually.

The estimated useful life ranges in years for property, plant and equipment classes are set out in the table below.

<i>Class</i>	<i>Estimated useful life</i>
Land	Not applicable
Buildings	
Permanent	50
Temporary	10
Furniture and fixtures	10
Communications and information technology equipment	6–8
Vehicles	9
Machinery and equipment	7
Security equipment	5

(f) Intangible assets

Intangible assets with a finite life are carried at cost less accumulated amortization and any impairment loss. Intangible assets are capitalized provided they have a useful life of more than one year and a cost exceeding \$5,000 for externally acquired and a cost exceeding \$100,000 for internally generated. Amortization is provided on a straight-line basis on all intangible assets of finite life in accordance with its useful life. Where the intangible asset has an indefinite useful life, it will not be amortized, but will be reviewed for impairment by comparing its recoverable service amount with its carrying amount.

The estimated useful life ranges in years for intangible asset classes are set out in the table below.

<i>Class</i>	<i>Estimated useful life</i>
Externally acquired	5
Internally developed	5
Copyrights and patents	3

(g) Leases

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. The value of the future lease payments within the current lease term is disclosed in note 27.

Leases where the lessee retains a significant portion of the risks and rewards inherent to ownership are classified as finance leases. UN-Women has not entered into any finance leases.

(h) Employee benefits

UN-Women recognizes the following employee benefits:

(a) Short-term employee benefits, which fall due wholly within 12 months after the end of the accounting period in which employees render the related service;

(b) Long-term employee benefits, which are due to be settled beyond 12 months after the employees render the related service and include:

(i) Post-employment benefits (see Pension and After-Service Health Insurance below);

(ii) Other long-term employee benefits;

(c) Termination benefits.

Short-term employee benefits are measured at their nominal value based on accrued entitlements at current rates of pay. These benefits may include, at year end, remuneration, accrued annual leave, home leave liability and other short-term benefits.

Post-employment benefits include pension plans, post-employment medical care, repatriation benefits and other lump sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by article 3 (b) of the Regulations of the 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 Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. UN-Women and the Pension Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Entity's proportionate share of the

defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UN-Women has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The contributions of UN-Women to the Pension Fund during the financial period are recognized as expenses in the statement of financial performance.

The after-service health insurance plan extends subsidized health insurance coverage to retirees and their dependants under the same health insurance schemes as for active staff based on certain eligibility requirements. The after-service health insurance plan is a defined benefit plan.

Other long-term employee benefits are employee benefits that do not fall due wholly within 12 months after the end of the financial period and include long-term compensation in the event of death, injury or illness.

Termination benefits generally include indemnities for voluntary redundancy and are expected to be settled within 12 months of the reporting period.

(i) Financial liabilities

Other financial liabilities

Other financial liabilities are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Financial liabilities entered into with duration of less than 12 months are recognized at their nominal value.

Payables and accruals arising from the purchase of goods and services are recognized initially at fair value and subsequently measured at amortized cost when goods are delivered or services are rendered and accepted by UN-Women. Liabilities are stated at invoice amounts less payment discounts at the reporting date. The liability is estimated where invoices are not available at the reporting date.

Other liabilities include deferred revenue, representing funds from donors that have been recognized on the statement of financial position and, depending on the nature of the agreement, are recognized as revenue when conditions (if any) are met. Other payables represent reimbursable services rendered by the United Nations and United Nations agencies.

Fair value through surplus or deficit financial liabilities

Fair value through surplus or deficit financial liabilities are liabilities that are designated on initial recognition or are held for trading. They are initially recorded at fair value, and any transaction costs are expensed. The liabilities are measured at fair value again at each reporting date, and any resultant fair value gains or losses are recognized through surplus and deficit.

UN-Women classifies derivatives as financial liabilities at fair value through surplus and deficit in the statement of financial performance. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties. These include derivatives embedded in time deposits that permit the instrument to be repaid by counterparties in an alternative currency in exchange for a higher yield. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months of the reporting date. As at 31 December 2020, UN-Women had no open foreign exchange derivative instruments positions in this category and did not have any embedded derivatives requiring separate

accounting at fair value through surplus or deficit in the statement of financial performance. UN-Women does not apply hedge accounting for derivatives.

(j) Provisions, contingent liabilities and contingent assets

Provisions are made for future liabilities and charges where UN-Women has a present legal or constructive obligation as a result of past events, it is probable that UN-Women shall be required to settle the obligation and a reliable estimate can be made of the obligation.

Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UN-Women and the liability can be reliably estimated.

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 UN-Women. Contingent assets are not recognized but are disclosed if an inflow of economic benefits or service potential is probable.

(k) Commitments

Commitments are future expenses to be incurred by UN-Women on contracts entered into by the reporting date and that the Entity has 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 UN-Women in a future period, non-cancellable minimum lease payments and other non-cancellable commitments. The value of commitments as at 31 December 2020 is not recognized in the statement of financial position but is disclosed in the notes to the financial statements. Commitments related to employment contracts are excluded from this disclosure.

(l) New accounting standards

In 2020, UN-Women did not adopt any new accounting standards. A summary of accounting standards published by the IPSAS Board and becoming effective on 1 January 2020 or thereafter is provided below:

- (i) IPSAS 41: Financial instruments, was issued in 2018 with an effective date of 1 January 2022. This date has subsequently been deferred to 1 January 2023 in the light of the impact of the coronavirus disease (COVID-19) pandemic on constituents. IPSAS 41 replaces IPSAS 29: Financial instruments: recognition and measurement. The new standard establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, and its impact on the financial statements of UN-Women upon adoption is currently being assessed;
- (ii) IPSAS 42: Social benefits, was issued in 2019 with an effective date of 1 January 2022. This date has subsequently been deferred to 1 January 2023 in the light of the impact of the COVID-19 pandemic on constituents. IPSAS 42 is not expected to be applicable to UN-Women in the foreseeable future;
- (iii) In February 2020, the IPSAS Board issued a suite of three exposure drafts for comment: exposure draft 70: Revenue with performance obligations; exposure draft 71: Revenue without performance obligations; and exposure draft 72: Transfer expenses. Exposure draft 70 is expected to replace IPSAS 9:

Revenue from exchange transactions. Exposure draft 71 would update IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). Exposure draft 72 is a draft of a new standard. The suite of three exposure drafts is expected to be converted to published IPSAS standards by the end of 2021, and new standards resulting from these exposure drafts are expected to be mandatory by 2023. UN-Women will continue to monitor the progression of these exposure drafts and related accounting standards, noting that they could have a significant impact on the Entity's revenue recognition. Assessment of the impact of the standards on the financial statements of UN-Women in advance of issuance and during subsequent implementation is ongoing.

Note 3

Change in accounting policy

The policy for recognizing revenues from voluntary contributions described in note 2 was revised during 2020. Under the previous policy, UN-Women recognized revenue based on payment plan due dates included in the donor agreements, which served as a proxy for identifying the period in which programmatic activities were being carried out and conditions met. Under the new policy, revenue is recognized in full, including for multi-year contributions, at the time the agreement is signed, as agreements are taken to have stipulations and restrictions rather than conditions. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature. This change in accounting policy was applied retrospectively in accordance with IPSAS 3: Accounting policies, changes in accounting estimates and errors. The impact of the change in policy in 2020 was estimated to be a decrease in revenue and net surplus of \$28.2 million. The restatement of comparative amounts has therefore been performed for prior-year periods.

For the following prior-period adjustment, the 2019 comparative balances at the individual financial statement line were restated, as summarized in the table below. The impact on the 2019 financial results includes a decrease of \$64.9 million in revenue from voluntary contributions, of which a decrease of \$40.1 million is related to other resources, and a decrease of \$24.8 million is related to regular resources. In addition, an increase of \$336.9 million in accumulated surplus was recorded, which represents the cumulative voluntary contribution revenue adjustment through the 2018 reporting period. In the statement of financial position, the accounts receivable current and non-current balances increased by \$201.1 million and \$76.3 million, respectively, while other liabilities increased by \$5.3 million, with a corresponding net increase in net assets of \$272 million. In the statement of cash flows, the net surplus decreased by \$64.9 million, owing to the above-mentioned decrease in revenue, offset by a positive adjustment of \$71.2 million in accounts receivable and a negative adjustment of \$6.3 million in other liabilities.

Impact on statement of financial position

(Thousands of United States dollars)

<i>Statement of financial position extract</i>	<i>As reported 31 December 2019</i>	<i>Prior-period reclassifications/ adjustments</i>	<i>As restated 31 December 2019</i>
Current assets			
Accounts receivable	28 120	201 051	229 171
Total current assets	468 197	201 051	669 248
Non-current assets			
Accounts receivable	—	76 325	76 325
Total non-current assets	189 322	76 325	265 647
Total assets	657 519	277 376	934 895
Current liabilities			
Other liabilities	19 401	5 088	24 489
Total current liabilities	48 162	5 088	53 250
Non-current liabilities			
Other liabilities	—	257	257
Total non-current liabilities	95 191	257	95 448
Total liabilities	143 353	5 345	148 698
Accumulated surpluses	481 637	272 031	753 668
Net assets	514 166	272 031	786 197

Impact on statement of financial performance

(Thousands of United States dollars)

<i>Statement of financial performance extract</i>	<i>As reported 31 December 2019</i>	<i>Prior-period reclassifications/ adjustments</i>	<i>As restated 31 December 2019</i>
Revenue			
Voluntary contributions	500 393	(64 934)	435 459
Total revenue	527 402	(64 934)	462 468
Net surplus/(deficit)	106 512	(64 934)	41 578

Impact on statement of changes in net assets

(Thousands of United States dollars)

<i>Statement of changes in net assets extract</i>	<i>As reported 31 December 2019</i>	<i>Prior-period reclassifications/ adjustments</i>	<i>As restated 31 December 2019</i>
Change in revenue recognition policy	—	336 965	336 965
Current year surplus/(deficit) for the period	106 512	(64 934)	41 578
Net assets as at 31 December	514 166	272 031	786 197

Impact on statement of cash flows

(Thousands of United States dollars)

<i>Statement of cash flows extract</i>	<i>As reported 31 December 2019</i>	<i>Prior-period reclassifications/ adjustments</i>	<i>As restated 31 December 2019</i>
Net surplus/(deficit) for the year	106 512	(64 934)	41 578
(Increase)/decrease in contributions receivable	(8 616)	71 236	62 620
Increase/(decrease) in other liabilities	2 361	(6 302)	(3 941)

Note 4

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IPSAS necessarily includes the use of accounting estimates and management assumptions and judgment. The areas where estimates, assumptions or judgment are significant to the financial statements of UN-Women include, but are not limited to, post-employment benefits obligations, provisions, financial risk on accounts receivable and advances, accrued charges, contingent assets and liabilities, and degree of impairment of accounts receivable, advances, investments and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are recognized in the period in which they became known.

Note 5

Segment reporting

Segment reporting is required to evaluate an entity's past performance and to make decisions about an entity's future allocation of resources. UN-Women reports the following segments:

- (a) The regular resources (core/unearmarked) segment reflects the operations of voluntarily donated funds to UN-Women to be used to achieve the mandate of UN-Women at the discretion of the Executive Director of UN-Women;
- (b) The other resources (non-core/earmarked) segment represents earmarked voluntarily donated funds to UN-Women for specific projects;
- (c) The assessed resources (regular budget) segment represents sums assessed on Member States and transferred to UN-Women by the General Assembly.

Inter-segment transactions are disclosed in the segment reporting, but eliminated in the statement of financial performance.

Statement of financial position by segment as at 31 December 2020

(Thousands of United States dollars)

	2020			Total	31 December 2019 (restated)
	Regular resources	Other resources	Assessed resources		
Assets					
Current assets					
Cash and cash equivalents	66 301	102 659	(4 175)	164 785	145 360
Investments	129 654	214 245	–	343 899	245 530
Accounts receivable	30 816	160 313	741	191 870	229 171
Advances	2 926	39 703	22	42 651	43 395
Other assets	6 288	801	160	7 249	5 792
Current assets	235 985	517 721	(3 252)	750 454	669 248
Non-current assets					
Investments	84 261	139 235	–	223 496	177 506
Accounts receivable	12 873	51 006	–	63 879	76 325
Other assets	7	3	–	10	17
Property, plant and equipment	7 870	3 729	4	11 603	11 728
Intangible assets	20	–	–	20	71
Non-current assets	105 031	193 973	4	299 008	265 647
Total assets	341 016	711 694	(3 248)	1 049 462	934 895
Liabilities					
Current liabilities					
Accounts payable	9 674	7 390	–	17 064	14 438
Employee benefits	19 051	–	–	19 051	14 323
Other liabilities	16 159	6 957	–	23 116	24 489
Current liabilities	44 884	14 347	–	59 231	53 250
Non-current liabilities					
Employee benefits	113 655	–	–	113 655	95 191
Other liabilities	–	737	–	737	257
Non-current liabilities	113 655	737	–	114 392	95 448
Total liabilities	158 539	15 084	–	173 623	148 698
Net assets	182 477	696 610	(3 248)	875 839	786 197
Net assets/equity					
Accumulated surplus/(deficit)	141 879	623 825	(2 811)	762 893	723 671
Current year surplus/(deficit)	20 865	75 759	(437)	96 187	41 578
Actuarial gains/(losses)	(17 489)	–	–	(17 489)	(9 225)
Refunds to donors	–	(2 974)	–	(2 974)	(2 356)
Reserves	37 222	–	–	37 222	32 529
Total net assets/equity	182 477	696 610	(3 248)	875 839	786 197

Total net assets/equity in accordance with the statement of financial position by segment includes:

(a) Regular resources: the cash required to fund operations for the first few months of the new financial year while UN-Women waits for new voluntary contributions from donor Governments;

(b) Other resources: the unspent budgets for earmarked projects and programmes which will be expensed in future periods in accordance with donor agreements.

UN-Women costs for acquisitions of property, plant and equipment and intangible assets from both regular and other resources are summarized in the table below.

(Thousands of United States dollars)

	2020			2019
	Regular resources	Other resources	Total	
Property, plant and equipment	1 129	1 343	2 472	3 899
Intangible assets	–	–	–	9
Total	1 129	1 343	2 472	3 908

Statement of financial performance by segment for the year ended 31 December 2020

(Thousands of United States dollars)

	2020					2019 (restated)
	Regular resources	Other resources	Assessed resources	Elimination	Total	
Revenue						
Contributions	153 165	357 580	9 692	–	520 437	445 621
Investment revenue	8 431	939	–	–	9 370	12 829
Other revenue	3 781	27 791	1 279	(27 067)	5 784	3 857
Exchange transactions revenue	–	106	–	–	106	161
Total revenue	165 377	386 416	10 971	(27 067)	535 697	462 468
Expenses						
Employee benefits	88 265	58 536	9 937	–	156 738	141 833
Contractual services	20 700	113 441	263	–	134 404	114 665
Grants and other transfers	71	14 345	–	–	14 416	9 155
Supplies and maintenance	4 783	13 214	84	–	18 081	11 754
Operating costs	25 692	95 643	1 095	(27 067)	95 363	97 459
Travel costs	2 398	11 309	25	–	13 732	35 657
Depreciation and amortization	1 904	645	2	–	2 551	2 783
Finance costs	98	160	–	–	258	271
Other expenses	601	3 364	2	–	3 967	7 313
Total expenses	144 512	310 657	11 408	(27 067)	439 510	420 890
Surplus/(deficit) for the period	20 865	75 759	(437)	–	96 187	41 578

The elimination items represent the indirect costs charged by UN-Women in relation to the management of other resources and are based on the rate of recovery of 8 per cent established by the Executive Board of UN-Women in its decision 2013/2 of 8 February 2013, with effect from 1 January 2014 (7 per cent in prior years). These indirect costs charged were recognized during the year as an increase in support cost income, and at year end those amounts comprised the elimination items.

Note 6**Cash and cash equivalents**

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Cash in bank accounts	7 289	5 327
Petty cash	29	27
Money market	70 370	82 894
Term deposits	2 112	2 224
Commercial paper	84 985	54 888
Total	164 785	145 360

Cash and cash equivalents comprise balances held by field offices, money market account balances, term deposits and commercial paper with terms of less than three months. Cash required for immediate disbursement is maintained in cash and bank accounts. Money market and deposit accounts are available at short notice. Cash and cash equivalents relate to both regular resources and other resources.

Note 7**Investments**

(Thousands of United States dollars)

	Closing balance 31 December 2020	Closing balance 31 December 2019
Current investments		
Investments – held to maturity	343 311	244 951
Investments – available-for-sale	588	579
Total current investments	343 899	245 530
Non-current investments		
Investments – held to maturity	167 136	128 576
Investments – available-for-sale	56 360	48 930
Total non-current investments	223 496	177 506
Total investments	567 395	423 036

Investments include held-to-maturity assets that are managed by UNDP and available-for-sale assets that are held and managed by external investment managers.

UN-Women had no impaired investments during the year. The exposure of UN-Women to credit risk, market risk and currency risks, and its risk management activities related to financial assets, including investments, are discussed in note 24.

The Entity's cash and cash equivalents and investments include funding for after-service health insurance, repatriation and death benefits in the amount of \$86.2 million, in accordance with note 14, operational reserve, in the amount of \$26.5 million, and field accommodation reserve, in the amount of \$1 million, in accordance with note 17. Investments relate to both regular resources and other resources.

7.1 Investments – held-to-maturity financial assets

(Thousands of United States dollars)

	<i>Closing balance 31 December 2019</i>	<i>Purchases</i>	<i>Maturities</i>	<i>Amortization</i>	<i>Unrealized gains/ losses</i>	<i>Reclassification non-current to current</i>	<i>Closing balance 31 December 2020</i>	<i>Fair value</i>
Current investments								
Money market instruments	109 721	605 965	(485 000)	1 720	–	39 903	272 309	272 392
Bonds and notes	135 230	58 575	(186 786)	(93)	–	64 076	71 002	71 374
Subtotal	244 951	664 540	(671 786)	1 627	–	103 979	343 311	343 766
Non-current investments								
Money market instruments	–	39 792	–	111	–	(39 903)	–	–
Bonds and notes	128 576	142 355	(39 997)	278	–	(64 076)	167 136	169 309
Subtotal	128 576	182 147	(39 997)	389	–	(103 979)	167 136	169 309
Total investments held to maturity	373 527	846 687	(711 783)	2 016	–	–	510 447	513 075

Held-to-maturity financial assets are carried at amortized cost calculated by using the effective interest method. As at 31 December 2020, the fair value of those assets was higher than the book value by \$2.6 million. Fair values are based on quoted market prices from reputable vendors. The average yield on investments for 2020 was 1.2 per cent (2019: 2.3 per cent).

7.2

Investments – available-for-sale financial assets

(Thousands of United States dollars)

	<i>Closing balance 31 December 2020</i>	<i>Closing balance 31 December 2019</i>
Current investments		
Bonds	586	579
Bonds – fair value adjustments	2	–
Total current investments	588	579
Non-current investments		
Equities	28 310	26 896
Equities – fair value adjustments	8 692	4 590
Bonds	18 167	17 116
Bonds – fair value adjustments	1 191	328
Total non-current investments	56 360	48 930
Total available-for-sale investments	56 948	49 509

The table below presents the fair value hierarchy of the Entity's available-for-sale financial instruments carried at fair value as at 31 December 2020.

(Thousands of United States dollars)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Available-for-sale financial assets					
Equities	37 002	–	–	37 002	31 486
Bonds	19 946	–	–	19 946	18 023
Total	56 948	–	–	56 948	49 509

The three fair value hierarchies are defined by IPSAS on the basis of the significance of the inputs used in the valuation as follows:

- (a) Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- (b) Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (as price) or indirectly (derived from prices);
- (c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets represent investments managed by external investment managers for after-service health insurance (see notes 7 and 24).

Note 8
Accounts receivable

(Thousands of United States dollars)

	31 December 2020	31 December 2019 (restated)
Current accounts receivable		
Contributions receivable	193 254	231 771
Less: allowance for impairment of receivables	(1 384)	(2 600)
Subtotal	191 870	229 171
Non-current accounts receivable		
Contributions receivable	63 879	76 325
Subtotal	63 879	76 325
Total accounts receivable	255 749	305 496

Contributions receivable represents uncollected non-exchange revenue committed to UN-Women by donors, including other United Nations entities. The allowance for impairment on receivables is calculated on the basis of an aged analysis and the collectability of the outstanding balance.

Note 9
Advances

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Advances provided to United Nations agencies	5 995	6 311
Advances provided to other partners	34 708	34 739
<i>Shown by fund type:</i>		
Regular resources	658	714
Other resources		
Cost-sharing	28 908	26 357
United Nations trust fund in support of actions to eliminate violence against women	5 133	7 262
Fund for Gender Equality	9	406
Less: allowance for impairment of advances to partners	(206)	(24)
Subtotal	40 497	41 026
Advances to staff	2 154	2 369
Total advances	42 651	43 395

Advances relate to transfers made to United Nations agencies and other partners in connection with programme execution, and to staff. Such advances are recognized as an asset and are stated at historical cost less an allowance for impairment.

Advances to partners are reduced and expenses are recognized when certified expense reports are received from partners. As at 31 December 2020, approximately

92.5 per cent of the total outstanding advances provided to partners are aged less than 12 months and relate to implementation of programmatic activities.

Advances to staff include salary and rental advances and prepaid education grants, which are generally settled within a 12-month period.

Note 10
Other assets

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Current assets		
Interest and dividends receivable	987	2 021
Receivables from United Nations agencies		
United Nations Population Fund	94	—
Miscellaneous accounts receivable	6 168	3 771
Subtotal	7 249	5 792
Non-current assets		
Security deposit	10	17
Subtotal	10	17
Total other assets	7 259	5 809

Miscellaneous accounts receivable includes value added tax/sales tax, rental and tax reimbursements due from the United Nations, other receivables due and expenditures paid in advance.

Note 11
Property, plant and equipment

(Thousands of United States dollars)

	<i>Building</i>	<i>Communication and information technology equipment</i>	<i>Furniture and fixtures</i>	<i>Vehicles</i>	<i>Heavy machinery/ equipment</i>	<i>Security equipment</i>	<i>Leasehold improvements</i>	<i>Construction of fixed assets</i>	<i>Total</i>
At 31 December 2019									
Cost	2 387	10 635	1 209	9 889	1 260	856	3 137	23	29 396
Accumulated depreciation	(841)	(6 243)	(806)	(6 180)	(952)	(649)	(1 997)	–	(17 668)
Net book value	1 546	4 392	403	3 709	308	207	1 140	23	11 728
Movements year to 31 December 2020									
Additions	169	1 485	66	640	124	56	432	(23)	2 949
Receipt accrual	–	(21)	–	31	–	–	–	–	10
Cost adjustments	(99)	13	–	23	(36)	21	(409)	–	(487)
Retirements	(8)	(670)	(4)	(188)	(61)	(20)	(4)	–	(955)
Retirements – accumulated depreciation	2	606	4	170	58	18	–	–	858
Depreciation	(185)	(1 109)	(74)	(660)	(75)	(98)	(299)	–	(2 500)
Closing net book value as at 31 December 2020	1 425	4 696	395	3 725	318	184	860	–	11 603
At 31 December 2020									
Cost	2 449	11 442	1 271	10 395	1 287	913	3 156	–	30 913
Accumulated depreciation	(1 024)	(6 746)	(876)	(6 670)	(969)	(729)	(2 296)	–	(19 310)
Net book value	1 425	4 696	395	3 725	318	184	860	–	11 603

Assets are reviewed annually to determine if there is any impairment in their value, and as at 31 December 2020, UN-Women did not have any impairment in property, plant and equipment. UN-Women holds fully depreciated property, plant and equipment which is still in use, with a cost of \$5.5 million as at 31 December 2020.

Note 12
Intangible assets

(Thousands of United States dollars)

	<i>Externally acquired software</i>	<i>Total</i>
At 31 December 2019		
Cost	412	412
Accumulated amortization	(341)	(341)
Net book value	71	71
Movements year to 31 December 2020		
Additions	39	39
Cost adjustments	(39)	(39)
Amortization	(51)	(51)
Closing net book value as at 31 December 2020	20	20
At 31 December 2020		
Cost	412	412
Accumulated amortization	(392)	(392)
Net book value	20	20

Note 13
Accounts payable

(Thousands of United States dollars)

	<i>31 December 2020</i>	<i>31 December 2019</i>
Payables to third parties	10 925	8 593
Payables to United Nations agencies		
United Nations Development Programme	4 438	3 699
United Nations Capital Development Fund	—	9
United Nations Population Fund	—	87
Accruals	1 701	2 050
Total accounts payable	17 064	14 438

Payables to third parties are related to amounts due for goods and services for which invoices have been received. Payables to United Nations agencies represent expenditures incurred on behalf of UN-Women which are settled in the following year.

Accruals represent estimates for the value of goods or services received, for which invoices have not yet been received and for which the liability has occurred and can be reasonably estimated.

Note 14
Employee benefits

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Current employee benefits		
Accrued annual leave	15 147	10 918
Accrued home leave	1 911	1 327
After-service health insurance	425	335
Repatriation benefits	1 543	1 717
Death benefit	25	26
Subtotal	19 051	14 323
Non-current employee benefits		
After-service health insurance	92 997	76 743
Repatriation benefits	20 306	18 103
Death benefit	352	345
Subtotal	113 655	95 191
Total employee benefits	132 706	109 514

(a) Current employee benefits

The current portion of employee benefits includes annual leave and home leave calculated in accordance with the Staff Regulations and Rules of the United Nations. Also included are the current portions of accrued after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

Current liabilities relating to employee benefits increased by \$4.7 million (2019: \$1.6 million). Annual leave balances increased by \$4.2 million (2019: \$1.3 million), owing largely to the impact of staff not taking their planned leave entitlements in 2020 as a result of the pandemic and the use of travel limitations as a means to contain the pandemic. Furthermore, the normal limitation on the carrying forward of annual leave balances was relaxed at year end, resulting in an additional annual leave liability.

(b) Non-current employee benefits

The non-current portion of employee benefits includes the non-current portions of after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

Actuarial valuations

The liabilities arising from post-employment benefits are determined by independent actuaries, and those employee benefits are established in accordance with the Staff Regulations and Rules of the United Nations.

The actuarial valuation for after-service health insurance, repatriation benefits and death benefits was prepared for the purpose of providing results for financial disclosure and reporting as at 31 December 2020 in accordance with IPSAS 39: Employee benefits.

After-service health insurance

UN-Women provides end-of-service medical benefits for its eligible former staff members and their dependants in the form of insurance premiums for the medical and accident insurance plan. Eligible former staff members are 55 years of age and older and have five or more years of service for staff hired before 1 July 2007, or 10 or more years of service for staff hired on or after 1 July 2007 of contributory health insurance coverage prior to retirement.

The non-current portion of after-service health insurance of \$92.9 million includes an obligation for active staff not yet fully eligible amounting to \$65.7 million, which represents active employees who are not yet eligible as at the valuation date and is determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of \$71.8 million as at 31 December 2020, and a funding plan for providing 8 per cent commenced from 1 January 2014. The majority of the assets held to support the plan are separately invested in an after-service health insurance investment account by external fund managers (see notes 7 and 24).

The present value of the defined benefit obligations for post-employment medical insurance is determined using the projected unit credit method, including discounting the estimated future cash outflows.

Repatriation benefits

UN-Women provides end-of-service repatriation benefits (grant and travel and shipment of personal effects) for its eligible staff members and their dependants upon separation. Eligible staff are international appointments who have been separated from active service after qualifying service of one year or longer, who resided at the last duty station outside their country of nationality and have not been summarily dismissed or separated from service on grounds of abandonment of post.

The non-current portion of repatriation benefits of \$20.3 million includes an obligation for active staff not yet fully eligible, amounting to \$20.8 million, which represents active employees who are not yet eligible as at the valuation date and which is determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of \$13.9 million as at 31 December 2020, and a funding plan for providing 3.75 per cent commenced from 1 January 2014. The assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

Death benefits

Death benefit is a post-employment defined-benefit plan. The obligation to provide this entitlement is generated when eligible employees report for service. The payment is made upon the death of an employee who leaves behind a surviving spouse or a dependent child. Staff members on full-time continuous service, on fixed-term, or continuing or permanent appointment are eligible to receive death benefits provided that the staff members are married or have dependent children at their death. No benefit is payable in the case of staff members who are unmarried and/or without recognized dependent children. The plan is fully funded to the amount of \$0.4 million as at 31 December 2020, and the assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

The movement in the present value of the defined benefit in accordance with the actuarial valuation was as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Death benefit</i>
Net defined benefit obligation at the beginning of the year	77 078	19 820	371
Increase of the obligation			
Service cost	7 338	1 468	12
Interest on obligation	2 834	598	9
Actuarial loss/(gain)	6 519	1 734	11
Change in demographic assumptions	—	—	—
Decrease of the obligation			
Benefit payments	(347)	(1 771)	(26)
Net recognized liability at the end of the year	93 422	21 849	377

The benefit payments set out in the table above are estimated on the basis of the 2020 year-end actuarial valuations. As at 31 December 2020, actual benefit payments made by UN-Women were after-service health insurance in the amount of \$0.4 million and repatriation benefits in the amount of \$0.4 million. In 2020, two payments for death benefits were paid in the amount of \$0.04 million.

The 2020 annual expense amounts recognized in the statement of financial performance are as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>
Service cost	7 338	1 468
Interest on obligation	2 834	598
Total expenses recognized	10 172	2 066

Actuarial assumptions

The end-of-service liabilities were valued using yield curves provided by Aon Hewitt as at 31 December 2020 in order to maintain consistency in actuarial assumptions across the United Nations system. Actuarial valuations were performed using the full discount curves, and once the results were obtained, single equivalent discount rates per scheme were determined for disclosure purposes.

The single equivalent discount rates determined for each scheme are as follows:

<i>Single equivalent discount rates</i>	<i>2020</i>	<i>2019</i>
After-service health insurance	3.25%	3.68%
Repatriation benefits	2.36%	3.16%
Death benefits	2.12%	2.44%

A review was conducted by the actuary of a number of sources and the long-term rate of inflation assumption was based on 2.20 per cent. Other actuarial assumptions were as follows:

Health-care cost trend rates (varies by medical plan)	2.75–3.65%
Salary increase rate (varies by age and staff category)	3.5–9.3%
Per capita claim cost (varies by age)	\$975–\$14 571

Benefits under the after-service health insurance plans are attributed in proportion to the years of service from date of hire until full eligibility date, in accordance with the straight-line basis method. Historically, repatriation and death benefits have been based on the straight-line method. As from 1 January 2019, they are attributed based on the benefit formula, which is consistent with the approach used by other United Nations agencies and is in accordance with paragraph 72 of IPSAS 39: Employee benefits. The impact of such a change is disclosed as a change in methodology, and it is included in the total defined benefit cost recognized in the statement of financial performance.

Assumptions regarding future mortality for 2020 are based on the detailed mortality, retirement and withdrawal rates assumptions used for the most recent United Nations Joint Staff Pension Fund scheme valuations, which, in prior years, had been based on published statistics and mortality tables. The change will ensure overall modelling consistency with the Fund scheme. The current rates of death underlying the values of the liabilities in the after-service health insurance and repatriation calculations are as follows:

<i>Rates of death – pre-retirement</i>	<i>At age 20</i>	<i>At age 69</i>
Male	0.00056	0.00718
Female	0.00037	0.00522
<i>Rates of death – post-retirement</i>	<i>At age 20</i>	<i>At age 70</i>
Male	0.00062	0.00913
Female	0.00035	0.00561
<i>Rate of retirement – professionals with 30 or more years of experience</i>	<i>At age 55</i>	<i>At age 70</i>
Male	0.16	1.00
Female	0.20	1.00

Sensitivity analysis

If the assumptions described above were to change, in accordance with the actuarial report, this would have an impact on the measurement of defined benefit obligations and current service and interest costs as shown in the table below.

(Thousands of United States dollars)

	<i>Change</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Death benefits</i>
Impact of change in assumptions		93 422	21 849	377
Discount rate sensitivity to end-of-year liability				
Increase of discount rate by	0.5%	(11 151)	(965)	(15)
As a percentage of end-of-year liability		-12%	-4%	-4%
Decrease of discount rate by	(0.5%)	13 140	1 044	16
As a percentage of end-of-year liability		14%	5%	4%
Effect of change in assumed health-care cost trend rates				
Effect on year-end accumulated post-employment benefit obligation				
Increase of health-care cost trend rate by	0.5%	12 738	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(0.5%)	(10 940)	Not applicable	Not applicable
Effect on combined service and interest cost components on net				
Increase of health-care cost trend rate by	0.5%	1 989	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(0.5%)	(1 679)	Not applicable	Not applicable

The best estimate of contributions expected by UN-Women to be paid for the next 12 months for after-service health insurance is \$0.4 million, and for repatriation benefits, \$1.6 million.

United Nations Joint Staff Pension Fund

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations, Rules and Pension Adjustment System of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UN-Women and the Fund, in line with the other organizations participating in the Fund, are not in a position to identify the Entity's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UN-Women has treated the plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Entity's contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

In the Fund's Regulations, it is stated that the Pension Board shall have an actuarial valuation made of the 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 Fund will be sufficient to meet its liabilities.

The financial obligation of UN-Women to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision in article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as at 31 December 2019, and the roll forward of the participation data as at 31 December 2019 to 31 December 2020 was used by the Fund for its 2020 financial statements.

The actuarial valuation as at 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2 per cent (139.2 per cent in the 2017 valuation). The funded ratio was 107.1 per cent (102.7 per cent in the 2017 valuation) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2019, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

Should article 26 be invoked owing to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based on the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2017, 2018 and 2019) amounted to \$7,546.92 million, 0.6 per cent of which was contributed by UN-Women.

During 2020, the Entity's contributions paid to the Fund amounted to \$20.2 million (2019: \$18.2 million). Expected contributions due in 2021 are approximately \$22 million.

Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to a mutually agreed arrangement between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that is in excess of the liabilities is included in the amount.

The Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and the General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, which can be viewed by visiting its website, www.unjspf.org.

Note 15
Other liabilities

(Thousands of United States dollars)

	31 December 2020	31 December 2019 (restated)
Current liabilities		
Deferred revenue	1 406	5 469
Funds received in advance	3 098	3 504
Investment settlements payable	324	13
Other accruals	18 245	15 101
Other payables	43	402
Subtotal	23 116	24 489
Non-current liabilities		
Deferred revenue	737	257
Subtotal	737	257
Total other liabilities	23 853	24 746

Deferred revenue represents funds from donors that have been recognized on the statement of financial position and, depending on the nature of the agreement, are recognized as revenue when conditions (if any) are met.

Funds received in advance represent either contributions received prior to the receipt of signed donor agreements (which funds are recognized as revenue upon signature of the donor agreement, consistent with the policy for revenue from contributions), or funds received for joint programmes where UN-Women is the administrative agent (which funds will be disbursed to participating United Nations organizations upon signature of the minutes of their respective steering committees).

Investment settlements payable represent a foreign exchange trade, completed in January 2021 (2019: January 2020). Other accruals represent funds accrued for payments relating to security, learning, information and communications technology, audit and reimbursements due to United Nations jointly funded activities. Other payables represent refunds pending to donors and other liabilities.

Note 16
Accumulated surplus or deficit

The movement in the accumulated surplus or deficit during the year is shown below.

(Thousands of United States dollars)

	31 December 2020	31 December 2019 (restated)
Accumulated surplus/(deficit) at the beginning of the year	753 668	386 677
Change in revenue recognition policy (note 3)	–	336 965
Subtotal	753 668	723 642
Current-year surplus/(deficit)	96 187	41 578
Refunds to donors	(2 974)	(2 356)
Actuarial gain/(loss)	(8 264)	(9 196)
Total accumulated surplus/(deficit) at the end of the year	838 617	753 668

(a) IPSAS reserve

The accumulated surplus includes a balance of \$12.8 million relating to IPSAS reserves. There were no adjustments to the IPSAS reserves during the year.

(b) Refunds to donors

Refunds to donors represents funds returned to donors in accordance with agreements after the completion of activities for projects and programmes.

(c) Actuarial gains or losses

Actuarial losses relating to after-service health insurance, repatriation and death benefit obligations in the amount of \$8.3 million are accounted for using the “reserve recognition” approach and are recognized through net assets in the statement of financial position and in the statement of changes in net assets in the year in which they occur (see note 14).

Note 17**Reserves**

The movement in the reserves during the year is shown below.

(Thousands of United States dollars)

	31 December 2020	Movements	31 December 2019
Operational reserve	26 520	–	26 520
Field accommodation reserve	1 000	–	1 000
Changes in fair value of available-for-sale investments	9 702	4 693	5 009
Total reserves	37 222	4 693	32 529

(a) Operational reserve

In accordance with regulation 19.2 of the Entity's financial regulations and rules and Executive Board decision 2012/8 of 30 November 2012, UN-Women maintains an operational reserve of \$26.5 million, the purpose of which is to guarantee the financial viability and integrity of the agency. No increase was made to the operational reserve in 2020. The reserve is fully funded and held in irrevocable and promptly available liquid assets which are included in the pool of investments of UN-Women. The elements to be compensated for and covered by it shall be limited to downward fluctuations or shortfalls in resources: uneven cash flows; increases in actual costs as compared with planning estimates or fluctuations in delivery; and other contingencies that result in a loss of resources for which UN-Women has made commitments for programming.

(b) Field accommodation reserve

A reserve for field office accommodation of \$1 million was established in accordance with Executive Board decision 2012/8. With the establishment of regional offices and the ongoing potential for increased participation in United Nations common premises, UN-Women may incur additional costs to finance its share. UN-Women can make drawdowns from the reserve, which will be replenished from the accumulated surplus on an annual basis.

Note 18
Voluntary contributions

(Thousands of United States dollars)

	2020	2019 (restated)
Contributions	509 070	433 762
Contributions in kind	1 675	1 697
Total voluntary contributions	510 745	435 459

In-kind contributions representing rent provided by Governments and United Nations agencies amounted to \$1.7 million. In-kind services provided to UN-Women during the year amounted to \$1.0 million (2019: \$5.1 million) and are not recorded as income in these financial statements, in accordance with the accounting policies of UN-Women.

Note 19
Assessed contributions

(Thousands of United States dollars)

	2020	2019
Assessed contributions	9 692	10 162
Total assessed contributions	9 692	10 162

Assessed contributions are issued as an annual allotment from the United Nations regular budget.

Note 20
Investment revenue

(Thousands of United States dollars)

	2020	2019
Interest revenue	6 756	10 552
Amortization on investments	2 177	1 758
Dividend income	437	519
Total investment income	9 370	12 829

Amortization on investments relates to the net bond income balance from amortizing of premiums (debit) and discounts (credit). The premiums and discounts are part of the initial purchase price of bonds and, in observance of accrual accounting principle, are amortized to maturity or call. A credit has resulted because the portfolio continues to purchase discounted bonds as part of its overall investment strategy.

Note 21
Other revenue

(Thousands of United States dollars)

	2020	2019
Currency exchange gains	3 550	1 521
Miscellaneous revenue	1 991	1 862
Fees and support services	27 310	25 160
Less elimination	(27 067)	(24 686)
Total other revenue	5 784	3 857

Miscellaneous revenue represents reimbursement of rent from the United Nations Secretariat, reimbursement from other United Nations entities for provision of services and miscellaneous revenue. The indirect costs charged by UN-Women in relation to the management of other resources are based on the rate of recovery established by the Executive Board and were recognized during the year as an increase in fees and support services revenue, and at year end, those amounts comprised the elimination items (see note 5).

Note 22
Exchange transactions revenue

(Thousands of United States dollars)

	2020	2019
Exchange transactions revenue	106	161
Total exchange transactions revenue	106	161

Revenue from exchange transactions represents the delivery of products, training and technical support for gender equality courses to other United Nations entities, Governments, civil society organizations and the general public.

Note 23
Expenses

(Thousands of United States dollars)

	2020	2019
Employee benefits		
Salary and wages	106 974	96 610
Pension benefits	20 220	18 188
Post-employment and termination benefits	12 890	11 649
Leave benefits	5 425	2 422
Other employee benefits	11 229	12 964
Subtotal	156 738	141 833
Contractual services		
Contract services with individuals	97 889	82 621
Contract services with companies	31 901	28 226
United Nations Volunteers costs	4 614	3 818
Subtotal	134 404	114 665
Grants and other transfers	14 416	9 155
Supplies and maintenance		
Maintenance and non-capitalized property	8 162	7 301
Maintenance and non-capitalized information technology and communications equipment	2 700	1 768
Maintenance and non-capitalized software and licences	3 306	1 660
Consumables	3 913	1 025
Subtotal	18 081	11 754
Operating costs		
Communication costs	17 232	15 174
Learning, training and recruitment costs	36 223	42 510
Support services paid to United Nations agencies	7 235	5 954
Insurance/warranties	157	159
Rent, leases, utilities	20 915	21 137
Professional services	2 750	2 453
Freight costs	120	216
Other operating costs	7 517	6 897
General management costs	3 214	2 959
Subtotal	95 363	97 459
Travel costs		
Tickets	4 382	14 689
Daily subsistence allowance	7 695	17 531
Other	1 655	3 437
Subtotal	13 732	35 657
Depreciation and amortization	2 551	2 783

	2020	2019
Finance costs		
Bank charges	258	271
Subtotal	258	271
Other expenses		
Stationery and other project expenses	4 047	3 869
Currency exchange losses	908	434
Losses on property, plant and equipment	40	400
Impairment and prior and current period write-offs	(1 028)	2 610
Subtotal	3 967	7 313
Total expenses	439 510	420 890

Note 24**Financial risks**

The investment activities of UN-Women are carried out by UNDP under a service-level agreement. Under the terms of the agreement, UNDP applies its investment guidelines and governance framework for the benefit of UN-Women. Investments are registered in the name of UN-Women with marketable securities held by a custodian appointed by UNDP.

The principal objectives of the investment guidelines (listed in order of importance) are as follows:

- (a) Safety – preservation of capital, provided through investing in high quality fixed-income securities emphasizing the creditworthiness of the issuers;
- (b) Liquidity – flexibility to meet cash requirements through investments in highly marketable fixed-income securities and through structuring maturities to align with liquidity requirements;
- (c) Revenue – maximization of investment revenue within the foregoing safety and liquidity parameters.

The UNDP Investment Committee, comprising senior management, meets quarterly to review investment portfolio performance and ensure that investment decisions have complied with the established investment guidelines. UN-Women receives a detailed monthly and quarterly investment performance report from UNDP which shows the composition and performance of the investment portfolio. The Director of Management and Administration, the Deputy Director of Financial Management and the Chief of Budget meet with the UNDP Treasury each quarter to review the investment portfolio performance of UN-Women and provide updated cash flow projections.

In 2016, UN-Women outsourced a portion of the investment management of its after-service health insurance funds. This was done to ensure an adequate level of investment return given the longer-term nature of the liabilities. Holdings may include cash and cash equivalents, equities and fixed-income securities. As at 31 December 2020, this portfolio was classified as available-for-sale.

The external investment managers are governed by the after-service health insurance investment guidelines. The guidelines ensure that all of the investment activities reflect the best conditions of security, accountability and social responsibility while operating in full compliance with the highest standards of quality,

efficiency, competence and integrity. These guidelines are reviewed and approved on a periodic basis by the after-service health insurance investment committee, of which UN-Women is a member. The investment committee meets regularly and receives monthly reports from the external investment managers.

UN-Women is susceptible to a variety of financial risks arising from financial instruments to which the organization is exposed, including the following:

- (a) Credit risk – the possibility that third parties may not pay amounts when due;
- (b) Liquidity risk – the possibility that UN-Women might not have adequate funds to meet its current obligations as they fall due;
- (c) Market risk – the possibility that UN-Women might incur significant financial losses owing to unfavourable movements in foreign currency exchange rates, interest rates and prices of investment securities.

The tables below show the value of financial assets outstanding at year end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	<i>Held-to-maturity</i>	<i>Available-for-sale</i>	<i>Receivables</i>	<i>Fair value through surplus or deficit</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Cash and cash equivalents	–	–	164 785	–	164 785	145 360
Investments	510 447	56 948	–	–	567 395	423 036
Accounts receivable	–	–	9 889	–	9 889	28 120
Advances	–	–	42 651	–	42 651	43 395
Other assets	–	–	7 259	–	7 259	5 809
Total financial assets	510 447	56 948	224 584	–	791 979	645 720

Held-to-maturity financial assets are carried at amortized cost and, as at 31 December 2020, the market value of those assets was higher than book value by \$2.6 million. The carrying values for loans and receivables are a reasonable approximation of their fair value. As at 31 December 2020, available-for-sale assets were carried at fair market value based on quoted prices obtained from knowledgeable third parties. UN-Women had no outstanding balances of financial assets classified as fair value through surplus or deficit.

The tables below show the value of financial liabilities outstanding at year end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	<i>Other financial liabilities</i>	<i>Fair value through surplus or deficit</i>	<i>31 December 2020</i>	<i>31 December 2019</i>
Accounts payable	17 064	–	17 064	14 438
Other liabilities	21 861	–	21 861	19 401
Total financial liabilities	38 925	–	38 925	33 839

As at 31 December 2020, UN-Women had no outstanding financial liabilities recorded at fair value through surplus or deficit. The carrying value of other financial liabilities is a reasonable approximation of their fair value.

Credit risk

UN-Women is exposed to credit risk on its outstanding financial asset balances, primarily cash and cash equivalents, investments, receivables from contributions, advances and other receivables.

UN-Women operates bank accounts in five currencies and in four countries: Norway, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America. For other currencies, UN-Women uses the bank accounts of UNDP and relies upon the risk management processes of UNDP. UN-Women is exposed to default risk of those financial institutions.

With regard to its financial instruments, the UNDP investment guidelines limit the amount of credit exposure to any one counterparty and include minimum credit quality requirements. The credit risk mitigation strategies stated in the investment guidelines include conservative minimum credit criteria of investment grade for all issuers with maturity and counterparty limits by credit rating. The investment guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments are limited to fixed income instruments of sovereigns, supnationals, governmental or federal agencies, and banks. Investment activities are carried out by UNDP and UN-Women offices are not authorized to perform investment activities.

Credit ratings from the three leading credit rating agencies, Moody's, S&P Global Ratings and Fitch, are used to evaluate the credit risk of financial instruments. As at 31 December 2020, the financial investments of UN-Women were in investment grade instruments, as shown in the table below (presented using the S&P Global Ratings rating convention).

Credit ratings of investments under United Nations Development Programme management

(Thousands of United States dollars)

31 December 2020	AAA	AA+	AA	AA-	A+	A	A-	Total
Time deposits	–	–	–	60 000	–	–	25 000	85 000
Money market instruments	97 430	39 955	49 923	–	–	–	–	187 308
Bonds and notes	121 059	79 793	13 323	23 964	–	–	–	238 139
Total	218 489	119 748	63 246	83 964	–	–	25 000	510 447

31 December 2019	AAA	AA+	AA	AA-	A+	A	A-	Total
Time deposits	–	–	–	25 000	–	–	25 000	50 000
Money market instruments	29 721	–	–	20 000	–	10 000	–	59 721
Bonds and notes	128 527	39 662	41 382	28 978	10 257	15 000	–	263 806
Total	158 248	39 662	41 382	73 978	10 257	25 000	25 000	373 527

Credit ratings of investments under external investment managers

(Thousands of United States dollars)

<i>31 December 2020</i>	<i>AAA</i>	<i>AA+</i>	<i>AA</i>	<i>AA-</i>	<i>A+</i>	<i>A</i>	<i>A-</i>	<i>BBB+</i>	<i>BBB</i>	<i>United States Treasury</i>	<i>Others</i>	<i>Total</i>
Bonds and notes	1 223	88	899	392	314	128	198	421	347	15 127	809	19 946
Total	1 223	88	899	392	314	128	198	421	347	15 127	809	19 946

<i>31 December 2019</i>	<i>AAA</i>	<i>AA+</i>	<i>AA-</i>	<i>A+</i>	<i>A</i>	<i>A-</i>	<i>BBB+</i>	<i>BBB</i>	<i>United States Treasury</i>	<i>Others</i>	<i>Total</i>
Bonds and notes	1 694	84	441	448	51	235	165	420	2 245	12 240	18 023
Total	1 694	84	441	448	51	235	165	420	2 245	12 240	18 023

Externally managed investments are governed by the after-service health insurance investment guidelines. Other rated bonds include government bond funds in the amount of \$0.8 million (2019: \$10.6 million).

Liquidity risk

Liquidity risk is the risk that UN-Women will encounter difficulty in meeting its obligations associated with accounts payable, other liabilities and promised transfers of cash to programmes. UN-Women does not have significant liquidity risks, as its operations and investments are managed in accordance with its budget and with due consideration of cash requirements for operating purposes.

For other resources, the financial regulations and rules of UN-Women require that expenditures be incurred only after receipt of funds from the donor, thereby considerably reducing the financial risk to the organization with regard to contributions receivable.

Investments are made with due consideration to cash requirements for operating purposes based on cash flow forecasting. The investment approach considers the timing of future funding needs of the organization when selecting investment maturities. UN-Women maintains a portion of its cash and investments in cash and cash equivalents (23 per cent) and current investments (47 per cent) sufficient to cover its commitments as and when they fall due, shown in the table below and in notes 6 and 7.

(Thousands of United States dollars)

	31 December 2020	Percentage	31 December 2019	Percentage
Cash balances	7 318	1	5 354	1
Cash equivalents	157 467	22	140 006	25
Total cash and cash equivalents (net)	164 785	23	145 360	26
Investments				
Current investments	343 899	47	245 530	43
Non-current investments	223 496	30	177 506	31
Total current and non-current investments	567 395	77	423 036	74
Total investments cash and cash equivalents	732 180	100	568 396	100

Market risk

Market risk is the risk that UN-Women is exposed to potential financial losses owing to unfavourable movements in market prices of financial instruments, including movements in interest rates, exchange rates and prices of securities.

Interest rate risk

Interest rate risk arises from the effects of market interest rates fluctuations on the following:

- (a) Fair value of financial assets and liabilities;
- (b) Future cash flows.

A portion (10 per cent) of the Entity's investment portfolio is classified as available-for-sale investments that are carried at fair value through net assets/equity, which expose UN-Women to interest rate risk. However, a significant portion (90 per cent) of the investment portfolio is classified as held-to-maturity, which is not marked-to-market. Changes in interest rates do not have an impact on held-to-maturity book carrying values, and therefore changes in interest rates will have no significant impact on net assets and surplus or deficit reported in the financial statements.

UN-Women invests in United States dollar-denominated floating rate debt, which exposes it to fluctuations of future cash flows. This exposes the organization to a decrease in future cash flows of interest income in a declining interest rate environment and an increase in future cash flows of interest income in an increasing interest rate environment. As at 31 December 2020, UN-Women had no outstanding floating rate fixed-income securities.

Equity price risk

In 2020, UN-Women held equity investments in its externally managed portfolio of after-service health insurance funds. The table below presents the price sensitivity of equity investments to a 5 per cent change in equity prices. The sensitivity pertains to equity investments classified as available-for-sale, which are marked to market through net assets/equity; changes in their prices would therefore have no impact on the UN-Women surplus or deficit.

(Thousands of United States dollars)

31 December 2020 market value	Sensitivity variation	Impact on the financial statements	
		Net assets	Surplus or deficit
19 946	5 per cent increase	997	–
19 946	5 per cent decrease	(997)	–

Foreign exchange risk

UN-Women is exposed to currency risk arising from financial assets that are denominated in foreign currency and financial liabilities that have to be settled in foreign currency.

UN-Women receives donor contributions primarily in United States dollars, but also in a number of major currencies, including the pound sterling, the euro, the Swedish krona and the Norwegian krone. On an ongoing basis, UN-Women evaluates its need to hold cash and other assets in foreign currencies against its foreign currency obligations during the quarterly meetings with the UNDP Treasury. UN-Women commenced a hedging strategy from March 2015.

At 31 December 2020, all investments of UN-Women were denominated in United States dollars. However, cash balances were held in several non-United States dollar currencies, representing 99.7 per cent of total cash balances.

(Thousands of United States dollars)

	United States dollar	Euro	Pound sterling	Norwegian krone	Swedish krona	Others	31 December 2020 total	31 December 2019 total
Cash in bank accounts	18	3 606	3 622	4	39	–	7 289	5 327
Petty cash	4	–	–	–	–	25	29	27
Total cash balances	22	3 606	3 622	4	39	25	7 318	5 354

The UNDP Treasury uses derivative instruments, such as foreign exchange forwards, options and structured options, to manage the Entity's foreign exchange exposure. These derivatives are marked-to-market with gains or losses recognized in surplus and deficit in the statement of financial performance. At 31 December 2020, UN-Women had no open derivative positions.

Other price risk

UN-Women is exposed to price risk arising from movement in the prices of financial instruments which might fluctuate owing to factors other than changes in interest rate or currency fluctuations. The conservative nature of the UNDP investment guidelines mitigates potential exposure to other price risk.

Note 25

Budget reconciliation

The statement of comparison of budget and actual amounts (statement V) is presented in the same format as the integrated budget for 2020–2021, with the additional inclusion of assessed contributions (regular budget activities). As the financial statements are prepared in accordance with IPSAS and the budget is prepared on a modified cash basis, the reported financial results (actual) are adjusted

to provide for a comparison to the budget as presented in the statement of comparison of budget and actual amounts. The main changes between the IPSAS financial results and the results on a budget basis relate to difference in the treatment of cost of assets, staff-related accrued benefits and purchase orders and the treatment of cash advances to partners and staff members.

The integrated budget is prepared and presented on a biennial basis. The year 2020 represents approximately 50 per cent of the integrated budget estimates for the biennium 2020–2021.

(a) Regular budget activities – assessed contributions 2020

For the year 2020, there is a total variance showing overexpenditure of \$0.4 million owing to: (i) after-service health insurance reserve contributions, which UN-Women is required to make under its end-of-service liabilities funding plan, while the assessed budget only provides for a pay-as-you-go basis; and (ii) staff taxes and rent, which are reimbursable from the regular budget and treated as accounts receivable in 2020.

(b) Development activities – voluntary contributions 2020

(i) Programme

The original budgets reflected the original estimates used in the 2020–2021 integrated budget, which were based on total projected resources of \$970 million in voluntary contributions for the biennial period. Total voluntary contributions originally budgeted for 2020 were \$485 million.

Total programme variances are \$20.5 million, split between regular and other resources as follows:

(a) Programme expenditures from regular resources are \$0.5 million lower than the budget. Differences between budgeted and actual expenditure are mainly a result of post vacancies and a decrease in other activities related to planned travel and training costs stemming from the COVID pandemic. Actual delivery rates for the core programme averaged 97.1 per cent, with a budget utilization rate of 99.0 per cent. Regular programme resources are available for spending during the annual budget period only and unspent balances revert to the account held by UN-Women, in accordance with financial regulation 18.3, and form part of the accumulated surplus of regular resources;

(b) Programme expenditures from other resources are \$20 million lower than the budget. The difference may be a result of the fact that projects funded from donor contributions are mostly multi-year, so the deliverables are subject to modification as required during the life cycle of the project, and unspent project resources are carried forward to the following year. The delivery rate averaged 83.1 per cent, with a budget utilization rate of 93.6 per cent.

(ii) Institutional budget (development effectiveness, United Nations coordination, management activities and special purpose)

The institutional budget component of the integrated budget comprises the following cost classification categories: development effectiveness; United Nations development coordination; management activities, including evaluation and audit and investigations; and special purpose. The variance between the final budget and expenditures of \$6.5 million is mostly a result of post vacancies. The delivery rate and budget utilization rate for the institutional budget was 93.2 per cent. The institutional budget is available for spending during the 2020–2021 biennium. Any

unspent balances at the end of the biennium revert to the account held by UN-Women, in accordance with financial regulation 18.3, and form part of the accumulated surplus of regular resources. UN-Women also applies the same practice for year-end unspent balances.

Basis adjustments

The budget is prepared on a modified cash basis and the financial statements are prepared on a full accrual basis in compliance with IPSAS requirements. In order to reconcile the budgetary result with the cash flow statement, the non-cash elements are removed as basis differences. The principal adjustments that have an impact on the reconciliation between the budget and the statement of financial performance are as follows:

- Property, plant and equipment acquisitions are capitalized and depreciated over their useful life under accrual accounting; however, in the budget the full cost is recorded as current year expenses
- Under accrual accounting, employee benefit liabilities are reported in the statement of financial position, and movements in liabilities have an impact on the statement of financial performance; however, they are recorded as expenses when paid in the budget
- Cash advances to partners and staff members payments are recorded as receivables and when liquidated are recorded as expenditures under accrual accounting; however, in the budget they are recorded as expenses

Timing differences

Timing differences relate to open purchase orders, and are included as expenses as part of the budget in the current year; however, under accrual accounting, expenses are only accrued when goods and services are received.

Presentation differences

Presentation differences are those differences in the format and classification schemes used in the statement of cash flow and in the statement of comparison of budget and actual amounts. As such, the presentation differences in the reconciliation relate to revenue.

Reconciliation: budgetary result with net cash flow

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Total</i>
Actual amount on comparable basis, as presented in the budget and actual comparative statement	(445 503)	–	(445 503)
Basis differences	28 204	(131 405)	(103 201)
Timing differences	6 912	–	6 912
Presentation differences	563 860	–	563 860
Actual amount in statement of cash flow	153 473	(131 405)	22 068

Note 26**Related party transactions****Governing bodies**

UN-Women is governed by an Executive Board on the basis of General Assembly resolution [64/289](#), which stipulates in paragraph 57 (b) that the Assembly, the Economic and Social Council and the Executive Board of the Entity shall constitute the multi-tiered intergovernmental governance structure for the operational activities and shall provide operational policy guidance to the Entity. The Executive Board comprises 41 members (elected from five regional groups and one contributing group), who do not receive any remuneration from UN-Women.

The Executive Board of UN-Women also engages with the Executive Boards of other United Nations operational entities in an effort to harmonize approaches to operational activities. Those engagements also provide opportunities for sharing experiences and coordinating programme work on gender equality and gender mainstreaming throughout the United Nations system. The work of the Executive Board is guided by its rules of procedure.

Key management personnel

Key management personnel are the Executive Director, two Assistant Secretaries-General and seven senior Directors, as they have the authority for planning, directing and controlling the activities of the Entity and executing the mandate of UN-Women.

(Thousands of United States dollars)

	<i>Number of individuals</i>	<i>Compensation and post adjustment</i>	<i>Entitlements</i>	<i>Pension and health plans</i>	<i>Total remuneration 2020</i>	<i>Outstanding advances</i>
Key management personnel	10	2 077	115	823	3 015	51
Close family member	1	138	–	43	181	–
Total	11	2 215	115	866	3 196	51

Total remuneration paid to key management personnel and close family members (the spouses of key management personnel) includes net salaries; post adjustment; entitlements, such as allowances, grants and subsidies; and employer pension and health insurance contributions. Advances are those made against entitlements in accordance with the Staff Regulations and Rules of the United Nations. As at 31 December 2020, after-service health insurance, repatriation and death benefits for key management personnel included in employee benefits liabilities amounted to \$2.9 million, as determined by actuarial valuation.

Note 27**Commitments and contingencies****(a) Open commitments**

As at 31 December 2020, commitments of UN-Women for the acquisition of various goods and services contracted but not yet received amounted to \$30.3 million (2019: \$23.7 million).

(b) Lease commitments

As at 31 December 2020, UN-Women had future obligations for minimal lease payments as set out in the table below.

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Obligations for property leases		
Within 12 months	10 326	9 357
1–5 years	12 054	13 814
Beyond 5 years	4 425	5 186
Total property lease obligations	26 805	28 357

The typical contractual leases of UN-Women are between 1 and 10 years, but some of the leases permit early termination within 30, 60 or 90 days. Leases often include provisions that allow for multiple renewals and are at rates considerably lower than the existing market rates. The aggregate difference between the leases at contract rates and their respective market rates is recognized as contribution-in-kind revenue.

(c) Legal or contingent liabilities

As at 31 December 2020, UN-Women had a limited number of immaterial contingent liability cases that represented ongoing legal and administrative law claims.

Owing to the uncertainty of the outcomes of the cases, neither a liability nor a provision was recorded as at the reporting date because the occurrence and timing of outflow is not certain. Moreover, on the basis of current knowledge, UN-Women believes that the amount or range of estimated value of any liability resulting from the loss of a claim will not, either individually or in the aggregate, have a material adverse effect on its operations, financial position, financial performance or cash flows. However, because the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties, the possible obligations may become actual liabilities as a result of the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UN-Women.

Note 28

Events after the reporting date

The reporting date for UN-Women is 31 December of each year. The date of certification and transmittal of the financial statements is 30 April of the year after the financial year end. On the date of signing these financial statements, the coronavirus disease (COVID-19) pandemic is characterized as a major event that has occurred since mid-March 2020, the longer-term potential financial impact of which cannot be reliably measured or assessed. No other material event, favourable or unfavourable, occurred between the balance sheet date and the date on which the financial statements were authorized for issue that would have affected the present statements.

