A/77/5 (Vol. II)

United Nations

Financial report and audited financial statements

for the 12-month period from 1 July 2021 to 30 June 2022

and

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Seventy-seventh Session
Supplement No. 5

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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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Contents

Abbreviations

AMISOM	African Union Mission in Somalia
CEB	Chief Executives Board for Coordination
COVID-19	Coronavirus disease
GSC	Global Service Centre
ICAO	International Civil Aviation Organization
ICT	Information and communications technology
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
LPV	Light passenger vehicle
MINUGUA	United Nations Verification Mission in Guatemala
MINUJUSTH	United Nations Mission for Justice Support in Haiti
MINURCA	United Nations Mission in the Central African Republic
MINURCAT	United Nations Mission in the Central African Republic and Chad
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observation Mission in Angola
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
OIOS	Office of Internal Oversight Services
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
RSCE	Regional Service Centre in Entebbe, Uganda
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNAMIR	United Nations Assistance Mission for Rwanda

UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNEF	United Nations Emergency Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNISFA	United Nations Interim Security Force for Abyei
UNLB	United Nations Logistics Base at Brindisi, Italy
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIS	United Nations Mission in the Sudan
UNMISET	United Nations Mission of Support in East Timor
UNMISS	United Nations Mission in South Sudan
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d’Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission in Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
UNSOM	United Nations Assistance Mission in Somalia
UNSOS	United Nations Support Office in Somalia

UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization
WFP	World Food Programme
WHO	World Health Organization

Letters of transmittal

Letter dated 30 September 2022 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit the financial statements of the United Nations peacekeeping operations, for the 12-month period from 1 July 2021 to 30 June 2022, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

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

(*Signed*) António **Guterres**

Letter dated 30 September 2022 from the Director, Finance Division, Office of Programme Planning, Finance and Budget, addressed to the Executive Secretary of the Board of Auditors

This is to transmit to the Board of Auditors a complete set of the United Nations peacekeeping financial statements (statements I, II, III, IV and V) for the period 1 July 2021 to 30 June 2022, including notes to the financial statements.

(*Signed*) Maria **Costa**

Letter dated 24 January 2023 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 peacekeeping operations for the financial period from 1 July 2021 to 30 June 2022.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
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 peacekeeping operations, which comprise the statement of financial position (statement I) as at 30 June 2022, and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2022 and their financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

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

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

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 30 June 2022, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the United Nations peacekeeping operations.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General.

- Draw conclusions as to the appropriateness of the Secretary-General's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the United Nations peacekeeping operations to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the United Nations peacekeeping operations to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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

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

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

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

(*Signed*) Pierre **Moscovici**
First President of the French Cour des comptes
(Lead Auditor)

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

24 January 2023

Chapter II
Long-form report of the Board of Auditors

Summary

Audit opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2022, and their financial performance and cash flows for the year then ended in accordance with IPSAS.

Audit focus

In addition to the audit of the financial statements of the United Nations peacekeeping operations, the Board has focused its audit, inter alia, on risk management, the status of the recommendations of previous reports, finance and budget, supply chain, and on some findings arising from the peacekeeping mission visits.

Scope of the present report

United Nations peacekeeping operations are deployed on the basis of Security Council mandates to maintain international peace and security. As at 30 June 2022, there were 12 active United Nations peacekeeping missions, with 109 countries contributing 65,807 military personnel and 74 countries contributing 7,623 police personnel. In addition, there were 9,749 civilian staff and 1,289 United Nations Volunteers.

The peacekeeping final budget for the financial year 2021/22 was $6.45 billion, representing a decrease of $0.37 billion compared with the previous year's budget. The audit included the peacekeeping headquarters, the 12 active and 34 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; UNLB, including GSC; RSCE; the peacekeeping cost-recovery fund; and the employee benefits fund.

Key findings

Risk management

This year, the Board decided to pay particular attention to the audit of United Nations risk management in the area of peacekeeping operations. This work led to six major audit findings.

The first finding relates to the understanding of the key risks at stake and of their dynamics. By their very nature, peacekeeping operations and all the activities supporting them operate in a universe of very high and varied risks. Managing that risk universe has become even less of an option as peacekeeping operations appear to be at a turning point, as new types of risks tend to rise, including the risk of contesting some of the missions.

The second finding focuses on the importance of the notion of "risk appetite". A significant shift in peacekeeping operations' risk management can only be achieved if the predominant risk-averse culture of the Organization is overcome and the appetite for risk is clarified and translated at a managerial level in order to better incentivize risk-takers for the fulfilment of their missions.

The third finding focuses on concrete cases of risk management. Nothing would be more incorrect than to reduce the ability of the Secretariat to manage risks in the area of peacekeeping operations to the implementation of the specific enterprise risk management tools. To get an idea of the way some critical risks have been dealt with in recent years, the Board has reviewed a series of significant case studies concerning a variety of areas affecting peacekeeping operations.

The fourth finding concerns the role of the different actors in the field and at Headquarters. The proper functioning of the various lines of defence has indeed much to do with the effectiveness of risk management. The role the first line of defence plays in risk management seems far from sufficient, in particular in a decentralized organization such as peacekeeping operations. The second line of defence should be reinforced to allow proper accountability and ensure a higher quality of risk management.

The fifth finding looks into the implementation of the specific enterprise risk management tools. Inspired by the private sector, enterprise risk management in peacekeeping operations is a recent reform that has met some governance and scope challenges. It faces difficulties in going beyond the initial stage of identifying critical risks and succeeding in properly assessing, prioritizing and mitigating such risks.

The last finding focuses on the benefits of a more mature risk management. If better articulated with the wider United Nations accountability system, including internal control, programme planning and budget, as well as results and performance, risk management could decisively help improving the resilience, effectiveness and efficiency of peacekeeping operations.

Budget and finance

A cross-borrowing mechanism between missions has been set to counter volume II liquidity issues. First approved by the General Assembly in its resolution 73/307 of 3 July 2019, this mechanism was recently confirmed on a trial basis for another five years by resolution 76/272 of 29 June 2022. The number of missions using the mechanism is constantly increasing, as are the amounts borrowed (+133 per cent compared with the previous financial year closing). Each loan has to be approved by the Controller. However, the current process is not consistently documented or standardized and does not always allow for the gathering of sufficiently detailed supporting information.

A cost-recovery fund is in place to track revenue from services or goods provided by peacekeeping operations to external entities against their costs without generating a profit for the United Nations. As at 30 June 2022, the $115 million accumulated surplus exceeded total annual operating expenses by $7 million. According to the new guide on cost recovery, that surplus should be reduced.

A $59.1 million liability related to two peacekeeping missions closed in the 1960s, ONUC and UNEF, is registered in volume II. That amount has been carried over for a long period. Additional background information and supporting documents needed to establish the amount as a write-off are not considered.

The reconciliation between general accounting and budgetary accounting is based on statement V of the financial statements, which presents key budget information with the associated supporting notes. The initial versions of those notes were not clear enough to allow for such a reconciliation. Differences between figures on voluntary contributions have, for instance, required further explanations by the Administration.

Employee benefits liabilities amounted to $1,544.3 million as at 30 June 2022. A significant decrease of $550.1 million was recorded compared with the previous year closing, owing to a notable change in the discount rate, which had a significant impact on the valuation of the liabilities. The valuation is carried out by an external actuary through a contract. However, the process for building this estimation is complex, and both the Administration and the actuary need to further justify a series of decisions, such as not updating part of the assumptions or the rolling-forward of census data. In that respect, the Board considers not having a general policy document on this topic to be a risk. In addition, the Board notes the changes incorporated in the post-audit version of the volume II financial statements, especially to address concerns regarding the risks associated with the after-service health insurance plan, as well as sensitivity analyses for some of the significant actuarial assumptions. The Board nevertheless considers that some of the disclosures in the notes to the financial statements still remain not fully comprehensive and at times not in compliance with IPSAS 39: Employee benefits.

Supply chain

Resource and demand planning is a key process to improve the effectiveness of the supply chain. The Administration is moving to a new sophisticated software (supply chain planning tool), but the quality of the data entered remains insufficiently controlled. Furthermore, although indicators have been defined, the monitoring of the implementation of the planning process needs to be improved.

The Board acknowledges the intent of the Administration to implement the category management concept. Since 2019, through a significant effort, the Secretariat has acquired an in-depth and comprehensive understanding of its main expenditure categories and of the actions to improve its strategic positioning as a buyer. However, the strategies on nearly one fourth of the categories had not been defined as of October 2022. On three categories related almost exclusively to peacekeeping (rations, vehicle fleet and facility management), the implementation of the strategies was often delayed, sometimes incomplete or deviating from the original ambition. Monitoring progress using appropriate key performance indicators, which remains to be done, would be essential to ensure that the expected benefits are achieved.

Recommendations

The Board makes the following main recommendations to the Administration:

Risk management

(a) **Organize an annual "peacekeeping risk management day", in order to raise awareness and develop, including through proper brainstorming and training sessions, a more risk-aware culture in the peacekeeping missions;**

(b) **Provide, with a view to building a more consensual, sound and practical basis for risk-taking in peacekeeping operations, the appropriate elements to fuel a strategic discussion at the level of the legislative bodies, not excluding the issuance of a peacekeeping risk appetite statement and the revision of the 2011 risk management policy;**

(c) **Progressively develop mechanisms to better define acceptable risk-taking at the mission level and experiment with ways to better incentivize and reward it;**

(d) **Better promote risk-based approaches to peacekeeping through annual bottom-up feedback sessions on key risk and crisis management cases;**

(e) **Clarify the roles of the first and second lines of defence in the management of risks in peacekeeping operations, taking concrete steps to increase their empowerment, involvement and accountability, and formalizing in particular the participation of the Department of Peace Operations to the second line of defence;**

(f) **Assign the responsibility of Chief Risk Officer to an existing senior executive in each entity, at the department, missions and service centres levels;**

(g) **Review in the coming months, through a process including all stakeholders, the quality of the existing "risk registers" and "risk treatment and response plans";**

(h) **Conduct a thorough review of all the existing accountability requirements on peacekeeping operations, in order to streamline and reduce the burden on managers ("simplification shock"), as well as to better articulate risk management with key internal control, strategic programming, budgeting and performance frameworks and ensure data sharing and interconnected information systems;**

Budget and finance

(i) **Issue a standard operating procedure for cross-borrowing, starting with the cash shortfall identification and ending with the loan movement in Umoja. This standard operating procedure shall also include a template note with all relevant information for the approval. Finally, the standard operating procedure should provide that the heads of missions affected are informed;**

(j) **Provide additional disclosure in the notes to the volume II financial statements to outline the reasons the historic balances regarding ONUC and UNEF are still being reported more than 50 years after their completion;**

(k) **Formalize a policy document for the actuarial valuation of employee benefits that gives an overview of the process and related internal controls. In particular, the policy should describe and document the significant decisions and assumptions to be included in the employee benefits valuation;**

(l) **Complete further the information disclosed in the notes to the financial statements, as prescribed in paragraphs 141 to 149 of IPSAS 39: Employee benefits;**

Supply chain management

Planning

(m) **Strengthen the quality check of the data entered into the digital supply chain planning tool, including by alerting missions to potential data quality issues and collaborating to resolve them, especially regarding product information descriptions and stocks;**

(n) **Rework key performance indicators for demand planning, set targets to be reached and ensure a follow-up of the results;**

Category management

(o) **Complete the strategies for the nine remaining procurement categories;**

(p) **For each strategy, set appropriate implementation milestones and performance indicators in order to monitor results and take the actions necessary at the level of the Department of Operational Support and after close consultations with the peacekeeping missions.**

Key figures	
12	Number of active peacekeeping missions
1,289	Number of United Nations Volunteers in peacekeeping missions
9,749	Number of civilian staff engaged in peacekeeping missions
74	Number of countries contributing police personnel
7,623	Number of police personnel engaged in peacekeeping missions
109	Number of countries contributing military personnel
65,807	Number of military personnel engaged in peacekeeping missions
$4.74 billion	Assets
$4.01 billion	Liabilities
$0.73 billion	Net assets
$6.77 billion	Revenue, including assessed contributions of $6.34 billion
$6.45 billion	Final approved budget for peacekeeping
$6.39 billion	Expenditure on peacekeeping operations (budget basis)
$0.05 billion	Unutilized budget

A. Mandate, scope and methodology

1. The Board of Auditors audited the financial statements and reviewed the activities of the United Nations peacekeeping operations for the financial period from 1 July 2021 to 30 June 2022 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing and the International Standards of Supreme Audit guidelines for the financial audit of public sector entities.

2. For the 2021/22 audits, despite the ongoing situation relating to the COVID-19 pandemic, the Board was able to audit onsite peacekeeping operations at Headquarters in New York, in most of the missions and at GCS in Brindisi, Italy, and at RSCE (see annex I).

3. The financial statements of the United Nations peacekeeping operations for the year ended 30 June 2022 are the ninth set of statements prepared after the adoption of IPSAS. In addition, the financial report was issued 28 November 2022, three months after the financial statements, although, on the one hand, the recommended practice guideline 2 on financial statement discussion and analysis states that such reports should be issued with the financial statements and, on the other hand, the Administration financial instructions planned to deliver it to the Board on 14 October 2022. Nevertheless, according to ISA 720, the Board took knowledge of it and found no matter to be reported to the management on inconsistencies or misstatements between the financial report and the audited financial statements.

4. The Board acknowledges the adjustments included in the final version of the financial statements for 2021/22 during the clearance process and has adjusted in accordance with its initial observations on some presentation assessments, such as

comparative information in statement II and supporting explanations in the notes to statement V.

5. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements fairly present the financial position of the United Nations peacekeeping operations as at 30 June 2022 and the financial performance and cash flows for the accounting period of one financial year then ended in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

6. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued its audit coverage at peacekeeping headquarters, the 12 active field missions, the 34 closed missions and the six special-purpose accounts, namely, the Peacekeeping Reserve Fund; the support account for peacekeeping operations; GSC; RSCE; the peacekeeping cost-recovery fund; and the employee benefits funds, as detailed in annex I to the present report.

7. In addition to the audit of the financial statements, the Board carried out reviews of peacekeeping operations under financial regulation 7.5, which allows it to make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the peacekeeping operations. This year, the Board decided to focus especially on risk management.

8. The Board continued to report the results of audits to the Administration through management letters. The Board issued 13 management letters during the period under review.[1]

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

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

B. Financial overview

11. Overall actual expenditures ($6.39 billion) decreased by 3 per cent compared with the previous financial year, and the surplus amounted to $0.05 billion. The cash ratio, which measures the ability of an entity to cover its current liabilities with cash (cash equivalent or invested funds) is stable at 0.48. The cross-borrowing between missions was more utilized than in the financial year 2020/21 and for a total amount of $175 million borrowed, against $65 million repaid.

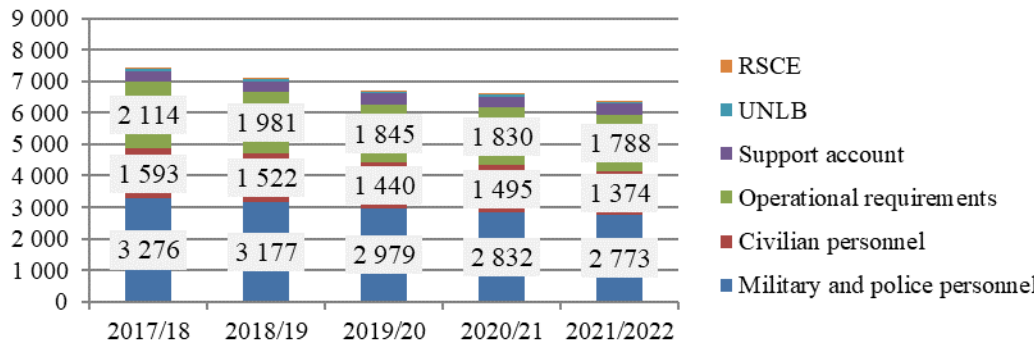
12. As per statement V of the financial statements, the final peacekeeping approved budget for the financial year 2021/22 was $6.45 billion, representing a decrease of $0.37 billion compared with the previous year's budget of $6.82 billion. Actual expenditures decreased by 3.3 per cent in 2021/22 to $6.39 billion from $6.61 billion in 2020/21. An amount of $0.05 billion was unused in 2021/22, compared with $0.21 billion in 2020/21.

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

Trend of expenditure

13. The trend of expenditures is detailed in figure II.I below. The details of the expenditure incurred under the three budget groups (military and police personnel, civilian personnel and operational requirements), the support account, UNLB, RSCE and expenditures related to budgeted voluntary contributions in kind[2] during the five years ended 30 June 2022 are shown in table II.1 below.

Figure II.I
Trend of expenditure
(Millions of United States dollars)



Source: Financial statements of peacekeeping operations.

Table II.1
Expenditure of peacekeeping operations, by group
(Millions of United States dollars)

Group	*2017/18*	*2018/19*	*2019/20*	*2020/21*	*2021/22*
Military and police personnel	3 276.5	3 176.5	2 978.6	2 831.5	2 773.1
Civilian personnel	1 593.1	1 521.6	1 440.4	1 495.1	1 374.2
Operational requirements	2 114.5	1 980.7	1 844.9	1 829.9	1 787.6
Support account	325.8	324.7	348.9	355.5	353.4
UNLB	80.2	82.1	63.3	62.1	65.6
RSCE	32.8	31.4	35.4	36.3	39.8
Voluntary contributions in kind	0.9	0.8	0.7	0.6	0.5
Total	**7 423.8**	**7 117.8**	**6 712.2**	**6 611.0**	**6 394.2**

Source: Financial statements of peacekeeping operations.

Variances between appropriation and expenditure

14. Peacekeeping operations incurred expenditures of $6.39 billion against the approved budget of $6.45 billion, resulting in an underexpenditure of $0.05 billion. The underexpenditure decreased compared with the previous financial year, when it amounted to $0.21 billion. The overall underexpenditure varied between 0.03 and 16.45[3] per cent in the 12 missions.

[2] Actual amounts of this category are not significant compared with the others.

[3] The 16.45 per cent variance relates to UNAMID. The underexpenditure was attributable mainly to reduced requirements under civilian personnel, owing primarily to the earlier-than-planned repatriation of civilian personnel and lower-than-planned payments due to staff members at the time of their separation from service.

Budget redeployments

15. As per annex II to the financial statements (Budgetary reporting by mission), the total amount of budget redeployments for the financial year 2021/22 was $194.3 million (3 per cent of the original budget). This was an increase from financial year 2020/21, when redeployments amounted to $163.0 million (2.4 per cent of the original budget) and comparable to financial year 2019/20, when budget redeployments amounted to $196.6 million (2.9 per cent of the original budget). Further details regarding the budget redeployments at the mission level are provided in annex II to the financial statements (chapter V).

Financial position

16. The financial position varies between the different peacekeeping operations entities, especially concerning liquidity. While the cash ratio, which measures the ability of an entity to cover its current liabilities with cash (cash equivalent or invested funds) from its current asset, was above or close to 1 for most of the missions and support activities, it was close to zero for other missions (UNAMID, UNMIK, UNISFA) as at 30 June 2022, showing their difficulties in paying off their debts of less than one year.

17. The investments made in financial year 2021/22 using the cash pool resulted in a loss of $5.7 million against a gain of $10.0 million in 2020/21, while these investments remained within a low risk profile in accordance with the Financial Regulations and Rules (Rule 104.12 b). The Administration explained that the situation was due to the increase in interest rates and the reduction in market value of securities, all attributable to high inflation, which resulted in an unrealized loss of the mark-to-market valuation for year-end reporting purposes.

18. The Administration stated that five missions faced cash difficulties owing to the shortage of assessed contributions payment. This is two more missions (UNISFA and UNMISS) than the previous year. The main financial movements in inter-mission borrowings were as follows:

(a) UNMIK did not borrow from other peacekeeping operations in financial year 2021/22, however it did not repay its debts of $32.5 million (74 per cent of its budget);

(b) MINURSO borrowed $5.0 million and did not pay anything back. As at 30 June 2022, its debt amounted to $15.0 million (24 per cent of its budget);

(c) UNSOS started the financial year by borrowing $25.0 million, then paid back all its debt ($65.0 million) but had to borrow another $25.0 million at the end of financial year 2021/22;

(d) In June 2022, UNMISS and UNISFA borrowed $80.0 million and $40.0 million, respectively;

(e) UNISFA fund was overdrawn by $589,801 on 7 June 2022 before borrowing $15.0 million the following day.

19. Further details are described below and reported by the Administration in chapters IV and V and in paragraphs 213 to 223 below.

20. In total, $192.5 million has been loaned since 2019 as at 30 June 2022 ($112.5 million by MINUSMA, $40 million by MONUSCO and $40 million by UNIFIL). This amount represents a 133 per cent year-on-year increase ($82.5 million was loaned in financial year 2020/21)[4] and 3 per cent of the consolidated peacekeeping budget. At the moment, no interest rate is applied, no repayment schedule is defined and no limit is set to the amount of the loan when a mission borrows. The Administration considers that interest charges would be incorrect.

[4] For the record, the amount was $45 million in financial year 2019/20.

21. The arrears of assessed contributions for peacekeeping operations decreased slightly by 1.5 per cent to $2,291.8 million in gross value, as at 30 June 2022, and by 6.2 per cent to $1,650.9 million in net value, as at 30 June 2022. At the end of the financial year 2021/22, the outstanding payment of troop- and police-contributing countries stood at $37.6 million, against $175.1 million for the previous financial period. In total, 18 per cent of this improvement can be explained by the cash borrowing mechanism used by UNMISS, UNISFA and UNSOS.

22. Overall, the assets-to-liabilities ratio increased from 1.09 to 1.18, owing mainly to a decrease in the non-current employee benefits liabilities of $550.1 million.[5] The current ratio and the quick ratio decreased, mainly as a combined consequence of a lower assessed contributions receivable, which amounted to $109.4 million, and an increase of advance receipt of $329.4 million. The cash ratio remains at a low level.

Table II.2
Capital structure ratios

Ratios	*30 June 2018*	*30 June 2019*	*30 June 2020*	*30 June 2021*	*30 June 2022*
Asset position					
Assets-to-liabilities ratio[a]	1.19	1.07	1.11	1.09	1.18
Total assets: total liabilities					
Current ratio[b]	1.23	1.27	1.25	1.38	1.32
Current assets: current liabilities					
Liquidity position					
Quick ratio[c]	1.08	1.12	1.11	1.22	1.17
Cash + short-term investments + accounts receivable: current liabilities					
Cash ratio[d]	0.45	0.49	0.47	0.47	0.48
Cash + short-term investments: current liabilities					

Source: Board of Auditors, based on the financial statements of peacekeeping operations.

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

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

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

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

Review of useful life of assets

23. The Board noted that the Administration was still working on the review of the estimates of the useful lives of assets, in accordance with the Board's recommendations in this regard (see annex II), which had been initially estimated to be completed in 2019/20. The Administration has stated that the new depreciation periods will come into effect in 2023 without retroactive impact.

C. Risk management in peacekeeping operations

24. In the present report, the Board decided to pay particular attention to the United Nations risk management in the area of peacekeeping operations. This work led to six major audit findings, relating to: (a) understanding the key risks at stake and their

[5] This reduction is mainly due to the update of the discounted rate of the financial assumptions in the actuarial model.

dynamics (chap. I); (b) the importance of better defining and operationalizing the "appetite" for risk (chap. II); (c) concrete cases of risk management in key areas (chap. III); (d) the role of the different "lines of defence" in the field and at Headquarters (chap. IV); (e) the implementation of the specific enterprise risk management tools (chap. V); and (f) the benefits of a more mature risk management, if better articulated with the wider United Nations accountability system (chap. VI). The eight recommendations below are made, that the Administration accepted.

1. The risk universe of United Nations peacekeeping operations

25. United Nations risk management in the area of peacekeeping operations cannot be assessed without having first a good understanding of the key risks at stake and of their dynamics. By their very nature, peacekeeping operations and all the activities supporting them operate in a universe of very high and varied risks (see sect. 1.1 below). Managing that risk universe has become even less of an option as peacekeeping operations appear to be at a turning point (see sect. 1.2).

1.1. By their very nature, peacekeeping operations operate in a universe of high and varied risks

26. By their very nature, peacekeeping operations and all the activities supporting them operate in a highly risky "universe". A review of some of the main critical risks that have affected peacekeeping activities in recent years reveals the particular intensity and diversity of those risks. Peacekeeping operations are most exposed in the United Nations to a high level and multiplicity of risks.

27. Trying to give an overview and to classify the major risks affecting United Nations peacekeeping activities is not an easy task. The risks can first and foremost affect the security of peacekeeping personnel. They can arise from endogenous or exogenous causes, be recurrent or more difficult to predict because of their more or less unique nature and threaten the accomplishment of the United Nations peacekeeping activities at a strategic level or at an operational one.

(a) Risks affecting security

28. One family of risks affecting United Nations peacekeeping activities is to be placed above all others: the risks affecting the safety and security of the field personnel and assets, including the risk of loss of human life.

29. Every day, women and men serving in peacekeeping missions take collectively or personally security risks to fulfil their mandate. The Secretariat keeps a record of the deaths of peacekeepers: in the past five years, almost 500 fatalities have been reported.[6] One needs to differentiate between peacekeeping missions. Some, including UNIFIL, UNAMID (up to its closure), MINUSMA and MONUSCO, have been particularly exposed to security threats because of a more challenging environment and/or a more demanding mandate.

30. The security situation across many peacekeeping missions has become more and more challenging. The strategic plan Action for Peacekeeping declaration of 2018 stated: "Recognizing the evolving challenges in today's conflict environments, we collectively commit to take active and concerted measures to address the rise in peacekeeper fatalities and enhance safety and security." Although some missions remain relatively preserved compared with others, the security of peacekeepers has become more of a challenge over the past decade: armed conflicts are changing rapidly in nature and particularly affecting peacekeeping missions, with regional and

[6] Peacekeeping operations fatalities, statistics by year (up to 30 September 2022). See https://peacekeeping.un.org/en/fatalities.

intra-State dimensions, the changing profile of armed groups using terrorist tactics, private or mercenary networks, interconnection with organized crime or the unregulated spread of new generations of weapons and improvised explosive devices. The frequency of malicious attacks against peacekeepers increased from 280 per year in 2020 to 463 in 2021. Attacks are becoming increasingly sophisticated, therefore complexifying safety and security risk management.[7]

(b) Endogenous versus exogenous risks affecting the accomplishment of the peacekeeping mandates

31. A first way of describing the risk universe affecting the ability of the United Nations to fulfil their mandates in peacekeeping operations, and to try to classify key risks at stake, is to consider whether they are resulting mainly from exogeneous or endogenous causes.

32. Endogenous risks, i.e., resulting from United Nations peacekeeping actions themselves, can affect the fulfilment of the mandate, its efficiency and its effectiveness. They can be related, among others, to inadequate governance, poor resource management, unresponsive service delivery, lack of transparency and accountability, or fraud and lack of discipline.

33. Exogenous risks tend to rise as peacekeeping mandates become more complex and multidimensional. Operations have developed in long-running conflicts with regional implications from simply monitoring ceasefires to, among others, protecting civilians, promoting human rights and the rule of law, or supporting free and fair elections. Several peacekeeping missions are deployed in a context of weak political agreements, diminished consent and stalled peace processes with vague exit strategies.[8] Such risks can clearly hamper the fulfilment of the mandates, on top of more classic exogenous risks, such as natural disasters (for instance, volcanic activities affecting MONUSCO or climate-induced droughts and floods affecting UNMISS). Anticipating and mitigating the consequences of such external risks can appear particularly challenging.

(c) Recurrent versus one-time risks

34. A second way to describe the risk universe affecting United Nations peacekeeping operations is to determine whether or not the key risks are recurrent.

35. Typical recurrent risks can be found in the field of management, including dealing with mission support and administration functions such as financial or human resources activities, the quality and timeliness of the supply chain, including in service centres, or the fight against fraud and corruption. In this context, a key element is to determine if the risks are systemic in nature, in order to be able to tackle their root cause.

36. Some other risks are more exceptional by nature and categorized by the United Nations as "unique events". It has been the case of the COVID-19 pandemic or environmental catastrophes such as the Nyiragongo volcano eruption in 2021, which MONUSCO had to face, although similar events could occur again in both cases. These kinds of risks can appear harder to anticipate, and mitigation measures sometimes difficult to put in place.

(d) Strategic versus operational risks

37. A third way to describe the peacekeeping operations' risk universe is to see whether the key risks are strategic or operational in nature.

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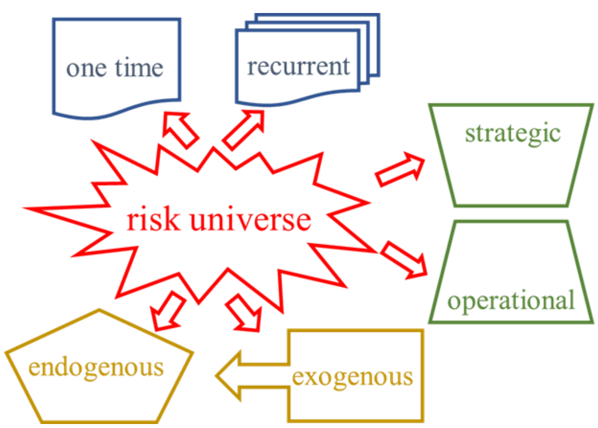
[7] As stated at the high-level meeting on Action for Peacekeeping Plus, held in Berlin in April 2022.

[8] See https://peacekeeping.un.org/sites/default/files/a4p-factsheet-challenges.pdf.

38. Some risks appear to be of a strategic nature, in the sense that they can affect the core of a peacekeeping mandate or would require action at the level of the General Assembly, the Security Council and the Secretariat at the highest level. The setting of cross-cutting strategies, as well as decisions on the mandates of the missions, their budget and their results, including through the process of thorough reviews, are meant to address such strategic risks.

39. On the other hand, most of the everyday risks can be of an operational nature, affecting the quality or cost of the mission or supporting services. These operational risks may sometimes need to be dealt with at the Headquarters level, for instance when the proper mitigating measures are beyond the reach of the missions. Even if key decisions are to be taken in the field, this can be the case for certain risks linked to safety and security, occupational safety and health, human resources, finance resources, cybersecurity, environment or aviation safety. For example, the risk related to fraud and abuses concerning the United Nations health insurance scheme is mainly dealt with at a central level. Some actions, such as sanctions, can be implemented at the local level but the mitigating policies are designed and monitored by the department in charge at Headquarters.

Figure II.II
Risk universe



Source: Board of Auditors.

1.2. Managing the risk universe has become even less of an option as peacekeeping operations appear to be at a turning point

40. Managing the risk universe has become even less of an option as peacekeeping operations appear to be at a turning point. A series of new types of risks has arisen that puts peacekeeping missions under additional challenges. The following risks in particular need to be underlined: risks of contestation of the missions; resources risks; and reputational and disinformation risks. The ability of the United Nations to identify, prioritize and mitigate risks in a particularly challenging time can be key for the future of peacekeeping operations.

(a) Risks of contestation of the missions

41. Recent criticisms of peacekeeping operations and related activities have led to the strengthening of transparency, accountability and performance requirements. Despite the remarkable work accomplished, some peacekeeping operations have been heavily criticized in recent years, either for the length and cost of the operations, the low acceptance by populations and some host countries, allegations of sexual abuse on civilians, or disappointed expectations when it comes to delivering on complex, multi-layered mandates and priorities.

These criticisms have gone as far as to raise the question of the usefulness of pursuing some of the operations. As the mandates of a number of peacekeeping operations have ended, no new peacekeeping operations have been mandated by the Security Council since 2014. Nevertheless, the mandates of ongoing missions have continued to be adapted and revised, and peacekeeping operations remain a key priority of the United Nations. Recent studies also support the evidence that most peacekeeping operations contribute significantly to reducing civilian casualties, shortening conflicts and helping to sustain peace agreements, i.e., largely succeeding in their primary goal, ultimately stabilizing societies and ending war.[9] A risk could however appear that would see resources shift away from such long-term missions to less disputed or more immediate priorities, including in the humanitarian field.

42. In order to tackle these risks, significant reforms have been launched. The Action for Peacekeeping initiative, launched by the Secretary-General in March 2018, and the Declaration of Shared Commitments of August 2018 aimed at reaffirming the United Nations as a critical contributor to peace in a multilateral environment. Key resolutions of the Security Council have also been taken, including resolution 2436 (2018) on peacekeeping performance, resolution 2518 (2020) on safety and security, and resolution 2538 (2020) on women in peacekeeping. The General Assembly, in addition to its key role in peace operation financing, closely monitors the performance of peacekeeping, notably through its Special Committee on Peacekeeping Operations. In March 2021, the Secretary-General launched the Action for Peacekeeping Plus initiative, identifying seven priorities for the period 2021 to 2023.

43. Extensive reviews of ongoing missions have also been decided, such as the review of MINUSMA, due by January 2023.[10]

(b) Resources risks

44. The recovery of contributions and liquidity issues in some missions have arisen in recent years. The risk regarding financial contributions is one of the highest system-wide risks identified by the Secretariat.[11] Regarding peacekeeping operations, the General Assembly approved the use of a "cash-pooling" system and of a part of the Peacekeeping Reserve Fund for liquidity management. These flexibilities in the rules aim to allow timely payments to troop- and police-contributing countries.

45. The "value for money" of peacekeeping initiatives is also conditioning the long-term trust of stakeholders, including on the financial side. Even if the overall cost of peacekeeping operations has significantly declined in the recent past, along with the closure of several missions, the yearning for higher efficiency and effectiveness of the missions remains. Areas of concern include, among others, a difficulty to focus resources on priorities, the misconception of what the decentralization and delegation of authority imply in terms of central coherence and the setting of proper checks and balances, the continuous improvement of the supply chain and procurement delivery on the ground, the fight against inventory overcapacity and waste of equipment, and the strengthening of infrastructure resilience, including for transportation and ICT.

(c) Reputational and disinformation risks

46. Reputational risks and the rise of disinformation campaigns can fuel contestation of the United Nations presence on the ground. Disinformation campaigns targeting peacekeeping operations may leverage failures in protection or misconduct, but also often simply deal in complete falsehoods to further specific political goals. Such adverse information operations can pose critical challenges, as witnessed in

[9] See, e.g., Lise Morjé Howard, *Power in Peacekeeping* (Cambridge University Press, 2019).

[10] See S/2022/446, para. 44; Security Council resolution 2640 (2022), para. 58. See also S/2022/731.

[11] 2022 Secretariat wide-risk register.

2022 for MINUSMA after the smear campaign against some staff. These risks can lead to significant instability and even the loss of human life.[12]

47. These rising risks imply a duty of exemplarity for the institution, in a very large range of topics covering the protection of civilians, fraud management, misconduct or environment. Tackling reputational risks can also become an opportunity to leave a positive legacy through the mission footprint.[13] With regard to disinformation, strategic communications efforts are focused on disseminating a proactive and sustained narrative to demonstrate the tangible impact of peacekeeping and to manage expectations. The Secretariat, at the level of the Department of Peace Operations, launched a project in January 2022 intended to address this issue holistically.[14]

48. More globally, risks related to ICT are rising, including cybersecurity threats. These risks evolve fast, and peacekeeping missions do not fully seem ready to address them, when for instance they cannot always rely on proper backup infrastructures. The potential consequences of cybersecurity gaps go beyond the disruption of data, digital infrastructures and communication systems. They can hinder peacekeeping missions in carrying out their mandate and affect their credibility with Member States and beneficiaries.

Way forward

49. Peacekeeping operations never take place in a risk-free environment. Given the intensity, diversity and dynamics of the risk universe that peacekeeping operations and related activities face, achieving a proper risk management should be considered as one the highest priorities. From this will largely depend the ability of the United Nations to deliver on their peacekeeping agenda.

50. **The Board recommends that the Administration organize an annual "peacekeeping risk management day", in order to raise awareness and develop, including through proper brainstorming and training sessions, a more risk-aware culture in the peacekeeping missions.**

51. This "peacekeeping risk management day" should seek to build more consensus among stakeholders and foster the targeted establishment of risk management capabilities, underlying the importance and benefits of better mapping, prioritizing and mitigating the various critical risks at stake. It should also promote the integration of risk management practices in simplified and better structured strategic management processes – as highlighted later in the report – to move beyond the current state of siloed and underdeveloped risk management towards a meaningful adoption across peacekeeping. Further to those efforts, the initiative to expand a culture of risk management should focus on demonstrating to relevant managers the added value of it – how it can enhance their decision-making, the management of their business operations and the execution of mandates. This requires demonstrating that its benefits will outweigh its costs.

52. The Administration accepted the recommendation.

2. The appetite for risk in United Nations peacekeeping operations

53. A significant shift in the risk management of peacekeeping operations can only be achieved if the predominant risk-averse culture of the Organization is overcome (see sect. 2.1) and the "appetite" for risk is clarified and translated at a managerial

[12] Action for Peacekeeping Plus.

[13] As stated at the high-level meeting on Action for Peacekeeping Plus, held in Berlin in April 2022.

[14] In particular to: (a) determine the nature and extent of the problem; (b) deploy digital tools to help detect, analyse, map the actors and respond; (c) provide policy guidance and training; (d) establish a community of practice to share experiences, resources and training, and engage with key stakeholders, including the media, tech companies and Member States.

level in order to better incentivize risk-takers for the fulfilment of peacekeeping missions (see sect. 2.2).

2.1. Predominant risk-averse culture of the Organization needs to be overcome

54. The United Nations has developed a risk-averse culture that can prevent it from properly fulfilling peacekeeping mandates. Shifting to a risk-aware culture requires an impetus at the highest level.

(a) Predominantly risk-averse culture preventing proper fulfilment of peacekeeping missions

55. System-wide, the Organization is predominantly built to contain rather than take risks, and the Secretariat is well aware of that situation. The May 2011 enterprise risk management and internal control policy stated that one of its objectives was that a risk-focused and results-oriented culture should be nurtured, moving the Organization from the current predominantly risk-adverse culture, where the focus is merely on risk avoidance, to a risk-aware culture, where decisions are driven by a systematic assessment of risks and rewards. This risk aversion can affect all levels of the Organization. The area of peacekeeping operations is no exception to the rule, and the 2018 Action for Peacekeeping initiative had put a particular emphasis on safety of peacekeepers.

56. Excessive risk aversion can prevent the fulfilment of peacekeeping missions, which, by their very nature, require risk-taking. For instance, the need to minimize casualties cannot simply translate into staying as much as possible within the confines of a peacekeeping compound, otherwise it might be at the expense of fulfilling a mandate. A 2019 report of the Office of Peacekeeping Strategic Partnership reviewing UNMISS quoted a former Under-Secretary General for Peacekeeping Operations, stating that, in peacekeeping, you face a dilemma: either deciding to look the other way and having to live the rest of your life with the idea that, if you had intervened, you might have made a difference, or intervening but with the risk of failure. Paradoxically, a risk-averse culture can even have side effects on security, as was noted in a 2017 report on peacekeeping.[15]

(b) Need to anchor a risk-aware culture at the highest level

57. The General Assembly has set the tone regarding the need to accept taking risks. Looking at the progress towards an accountability system, it recalled in its resolution 66/257 that the Secretariat could not escape taking risks to fulfil its missions and that it was eventually responsible for determining the risk tolerance of the Organization. The Joint Inspection Unit also underlined in 2020 that the risk appetite or risk-taking approach of an organization must be anchored and supported by its legislative/ governing body.[16] Indeed, the necessity to anchor a risk-aware culture requires an impetus at the highest level.

58. In the field of peacekeeping operations, it appears particularly necessary that all stakeholders and governing bodies share a common vision on the risks which need to be taken – and mitigated – in order to be able to fulfil the mission properly. In peacekeeping settings, the full monitoring and mitigation of all risks is not possible. A mature governance cannot escape debates on the acceptable level of risks that the Organization can bare. At present, peacekeeping mandates – referring to the risks taken by the missions in general terms – are neither conceived nor drafted nor implemented in a way that would bring to light the level of acceptable risk beyond which the set objectives would legitimately be lowered or even waived.

[15] See https://peacekeeping.un.org/sites/default/files/improving_security_of_united_nations_peacekeepers_report.pdf.

[16] See JIU/REP/2020/5.

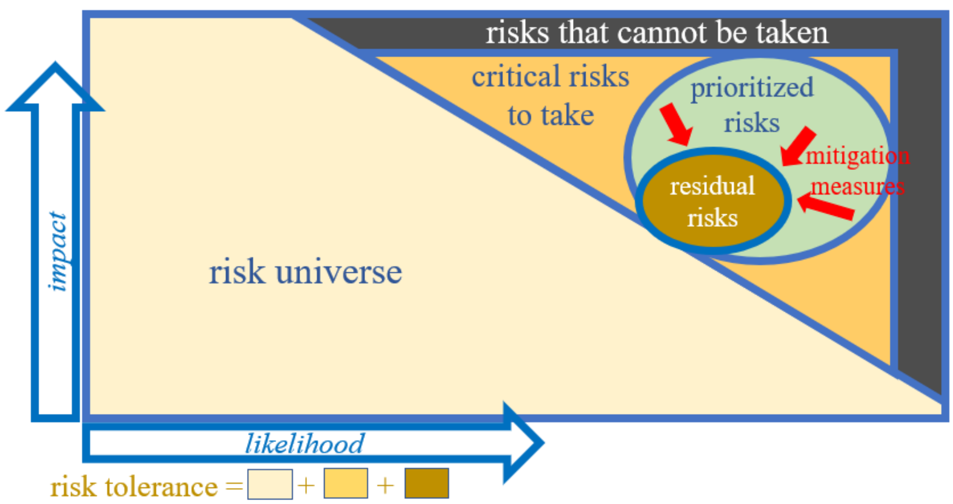
2.2. Risk "appetite" needs to be clarified and translated at the managerial level in order to better incentivize risk-takers for the fulfilment of peacekeeping missions

59. Risk management, especially in the field of peacekeeping operations, cannot elude the need to clarify the acceptable level of risk beyond areas of "zero-tolerance". A concrete way to translate this appetite for risk would be to further develop incentives to reward risk-taking.

(a) Need to clarify the acceptable level of risk

60. The concepts of "risk appetite" and "risk tolerance" are key to unlocking risk management. The "risk appetite" defines the overall risk that an organization is ready to bear in pursuing its missions, whereas the "risk tolerance" concept is commonly used at a more granular and operational level, for a given risk.[17] Risk appetite deals with the willingness of the organization to take on risk, while risk tolerance, drilling down from the overall risk appetite categories, deals with the concrete ability to do so at the operational level. The tolerance for risks includes three layers: those that are not considered to be critical; critical risks that are not given priority; and the "residual risk", remaining after mitigation measures have been taken (see figure below). Most essential is that the definition of a risk appetite, usually expressed by a "risk appetite statement", may facilitate alignment with stakeholders, allowing risks to be prioritized (certain risks deserving more attention than others) and legitimizing actions even if they imply that a residual risk remains. The definition of a risk appetite needs to balance several factors, including financial ones.

Figure II.III
Risk tolerance



Source: Board of Auditors.

61. Despite its importance, the setting of an explicit risk appetite or tolerance has not so far been considered as a priority by the Secretariat, including in the field of peacekeeping operations. The May 2011 enterprise risk management and internal control policy, which has not updated since then, only referred to risk appetite in an annex dedicated to definitions and did not mention risk tolerance. Indeed, the adoption of an overarching statement on risk appetite, with a vague wording, could

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[17] See CEB/2019/HLCM/26, available from https://unsceb.org/sites/default/files/imported_files/2019.HLCM_.26%20-%20Guidelines%20on%20Risk%20Appetite%20Statements%20-%20Final_1_0.pdf.

appear of limited use to managers in determining risk priorities and having to take urgent informed decisions. The definition of an overall risk appetite can also be seen as more relevant when the level of maturity of risk management is high enough.[18]

62. An indirect approach to risk tolerance has been followed, with the use of neighbour concepts such as “risk criterium” and “residual risk”. The risk criterium specifies the amount and type of risk that the entity can or cannot take, in relation to the objectives. Scoring criteria for the measurement of the impact, likelihood and internal control effectiveness associated to a given risk is meant to guide management in the assessment and prioritization of risks. When defining the intensity and targets associated to a given mitigation measure, the entity can also refer to the “residual risk” they are ready to take.[19] So far, all these conceptual efforts have nevertheless remained largely theoretical and complex to handle by managers.

(b) Difficulty in setting acceptable risks beyond zero-tolerance policies

63. The Secretariat has been successful in defining “zero-tolerance” policies, i.e. areas where the risk appetite is nil. This applies notably to the fields of anti-fraud and anti-corruption, sexual exploitation and abuse any other form of misconduct. In these fields, “zero-tolerance policies” appear indeed to be the appropriate response, as there should be no “risk appetite” for such issues in a risk management context. For instance, the 2016 Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (ST/IC/2016/25) states that the Secretariat “takes a zero-tolerance approach to fraud and corruption involving its staff members, other personnel or third parties in relation to their work with the Secretariat. This means that all allegations of fraudulent acts committed by any individual or entity involved in a contractual relationship with the Organization will be vigorously pursued.

64. From a risk management point of view, “zero tolerance” does not necessarily imply no risk acceptance, i.e. risk avoidance. Indeed, “zero tolerance” – as prescribed by the Organization for the reporting, investigating of allegations and implementation of relevant administrative and other sanctions – does not preclude taking proportionate measures, exercising professional judgment and making informed decisions, considering the need to address other risks, including business continuity. For instance, grants may still be pursued in settings where risks of fraud are heightened.

65. The ability, in other areas concerning peacekeeping operations, to define a certain level of acceptable risk remains largely to be demonstrated. No system is yet in place to help specify the level of acceptable risk, feeding the misconception that all risks could be watched and fully mitigated before acting. When risks are taken, they rarely result from ex ante assumed choices. A central question is whether there could be an approach allowing the Secretariat to better define explicit levels of acceptable risk, including at a strategic level, for consideration and approval by legislative bodies, for example the Security Council when setting a mandate and the General Assembly when deciding on the resources.

66. Defining categories of risk appetite at a strategic level can nevertheless prove useful even if the exercise remains very general by essence. Some public entities have started to work on classifying their level of risk appetite by using broad categories, such as simply “low”, “medium” and “high”,[20] or more elaborate ones, such as

[18] See https://unsceb.org/sites/default/files/imported_files/2019.HLCM_.25%20RMM_Final_Annex%20II%28i%29%20Usage%20Guidelines_0.pdf.

[19] For more details, see Department of Management Strategy, Policy and Compliance, “Enterprise Risk Management and Internal Control Framework – A Guide for Managers”, August 2021.

[20] See for instance USAID, Risk Appetite Statement, available at www.usaid.gov/sites/default/files/2022-12/596mad.pdf.

"averse", "minimal", "cautious", "open/exploratory" and "eager/seeking",[21] which could also appear relevant for most of the critical risks met in peacekeeping operations. For instance, the UNDP risk appetite statement of October 2021 defines the below five categories.

An example of risk appetite categories: the UNDP risk appetite statement

The UNDP risk appetite statement places each category of risk on a risk-appetite scale that ranges from "minimal" to "seeking":

(a) Minimal risk appetite. Areas where UNDP will apply a strong control environment to reduce or minimize the likelihood that a risk will occur and/or reduce the impact of any risk;

(b) Cautious risk appetite. Areas where UNDP seeks low-risk delivery options and will pilot innovation only in a controlled environment;

(c) Exploratory risk appetite. Areas where UNDP strikes a balance between the potential upside benefits and downside risks of a decision and explores new solutions and options for delivery;

(d) Open risk appetite. Areas where UNDP has determined that the potential upside benefits outweigh the risks and will take informed risks. All potential options are considered;

(e) Seeking risk appetite. Areas where UNDP takes risks by working with new ideas and approaches, looking for innovation and recognizing that failures are an opportunity for learning and improving.

67. At a more granular level, the challenge is to clarify the level of acceptable risk on a given activity. To the extent possible, there could indeed be benefits in striving to agree ex ante on critical risks that the Head of mission and operational managers should seek to mitigate as a matter of priority given resource constraints, the appropriate mitigation measures, controls and thresholds to put in place, and possibly the level of residual risk that the mission could bear. Once clearly defined, this acceptable risk becomes a powerful tool for both decision-making and accountability on results.

(c) Need to further develop incentives to reward risk-taking

68. Staff should be encouraged to take risks for the sake of the mission, but the materialization of the incentive or reward of such risk-taking can appear particularly challenging. In the public sector, where quantitative approaches to results often are neither implementable nor relevant, difficulties in designing an appropriate mechanism include, among others, avoiding sanctioning reasonable risk-taking that results in failure, ensuring that positive risk-taking is attributable to the person or group that individually or collectively took it, or introducing objectivity in the quantification of the reward – typically the level of the variable part of a remuneration. In military or security operations, the reward for risk-taking, in addition to pecuniary or career acceleration bonuses, often takes the form of medals or honours.

69. Fundamentally, the new management paradigm of the delegation of authority has been a way to redefine the Organization's risk appetite. Indeed, the reform aims at empowering managers on the ground, lifting ex ante controls, delegating by

[21] See, for instance, United Kingdom Government Finance Function, "Risk Appetite Guidance Note" (August 2021), available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1012891/20210805_-_Risk_Appetite_Guidance_Note_v2.0.pdf.

principle, unless it is proven that doing otherwise would work better. Assuming that heads of missions and managers in the field would stand ready to take more risks than headquarters, this reform could in the long run encourage a shift from a risk-averse culture.

70. Some incentives have also recently been put in place to reward risk-taking, especially in the field of peacekeeping operations. For uniformed components, the Department of Peace Operations is developing new guidelines to recognize uniformed units' outstanding performance, and some measures were approved by the General Assembly prior to the 2019 Integrated Peacekeeping Performance and Accountability Framework, including awards such as the "Captain Diagne medal", "risk premium", and the "extended temporary operating bases deployment premium". For instance, the risk premium is a process of awarding bonuses to formed military or police units that have acquitted themselves well despite exceptional levels of risk and operate without restrictions and caveats. So far, only a few risk premium payments have been made. The Department aims to continue developing mechanisms to incentivize and reward risk-taking and performance for peacekeeping personnel within its authority, i.e. uniformed personnel, as approved by Member States.

71. Nevertheless, within the current human resources framework, there is no equivalent mechanism for civilian personnel, be it financial or career-management related. The Secretariat underlines that the development of such mechanisms for risk-taking appears to be a long way off. One of the few existing risk incentives is "danger pay", an allowance established for internationally and locally recruited staff who are required to work in locations where very dangerous conditions prevail, including in peacekeeping operations. This mechanism, similar to the risk premium for uniformed personnel, is primarily intended to attract and retain staff in duty stations where safety and security appear problematic. The use of such a mechanism remains scarce and, so far, no evaluation has been made on its impact.

Way forward

72. Although this appears key to improving peacekeeping risk management, the definition and effective use of a "risk appetite", at an overarching level, and of "risk tolerances" or "risk criteria", at an operational level, remain particularly challenging tasks.

73. While keeping in mind the sensitivity of peacekeeping missions, breaking this impasse would require, to the extent possible, both an awareness and leadership at the highest level, as well as the progressive development of mechanisms, in order to better define the level of risk that managers are allowed to take and to experiment with ways to better incentivize and reward acceptable risk-taking. In order to fulfil their mandate, missions need to be ready to accept to take a certain level of risk and to be entitled to do so.

74. Structural change in this area might also be supported by the issuance of a peacekeeping risk appetite statement and revision to the 2011 risk management policy. This would be key to building up more consensus among stakeholders on the acceptable level of risk. The Department of Peace Operations would need to be fully involved in this process, having and dedicating the necessary resources.

75. **The Board recommends that the Administration provide, with a view to building a more consensual, sound and practical basis for risk-taking in peacekeeping operations, the appropriate elements to fuel a strategic discussion at the level of the legislative bodies, not excluding the issuance of a peacekeeping risk appetite statement and the revision of the 2011 risk management policy.**

76. **The Board also recommends that the Administration progressively develop mechanisms to define acceptable risk-taking at the level of peacekeeping missions and experiment with ways to better incentivize and reward it.**

77. Proper mitigation of critical risk and risk-taking within a predefined acceptable range should also be reflected in the assessment of the performance of peacekeepers.

78. The Administration accepted the recommendations. One mission has already indicated that it would be interested in being part of a pilot project, experimenting with rules and mechanisms to define, incentivize and reward acceptable risk-taking, in support of operations aimed at achieving the mandate.

3. Case studies on risk management in areas affecting peacekeeping operations

79. Nothing would be more incorrect than to reduce the ability of the Secretariat to manage risks in the area of peacekeeping operations to the implementation of the specific enterprise risk management tools. To get an idea of the way some critical risks have been dealt with in recent years, the Board has reviewed a series of significant case studies concerning a variety of areas affecting peacekeeping operations: environmental management (sect. 3.1 below), sexual exploitation and abuse (sect. 3.2), the COVID-19 pandemic (sect. 3.3), and the safety of air operations (sect. 3.4).

3.1. Drawing conclusions from the cholera crisis in Haiti, a structured environmental strategy has been put in place in all peacekeeping operations

80. Drawing conclusions from the cholera crisis in Haiti, a structured water and waste management policy has been put in place in all peacekeeping operations.

(a) Drama leading to risk awareness at the highest level

81. A dramatic cholera epidemic in Haiti was associated with a lack of hygiene precaution among the peacekeeping contingent. In October 2010, the President of Haiti announced that a serious diarrhoea epidemic raging in the Artibonite Department had been caused by cholera. Since 2011, several studies have supported the thesis that cholera had been introduced on the island by the contingent of blue helmets from the MINUSTAH peacekeeping mission, the latrines of the camp appearing to empty directly into a local river. In August 2016, the World Health Organization estimated that the epidemic had caused some 10,000 deaths and more than 800,000 cases, mainly in Haiti and in the Dominican Republic, but also in Cuba and Mexico.

82. This crisis led to a risk awareness at the highest level. In August 2016, after a period of denial, the United Nations admitted the Organization’s role in the epidemic, and the Secretary-General officially recognized in December 2016 the responsibility of the United Nations before the General Assembly and apologized. From that point, there has been an awareness at the highest level of the water and waste management risks that peacekeeping missions can cause.

(b) Strategy and risk mitigation measures put in place

83. An environmental strategy was launched to address the risks identified. That strategy is part of the implementation of General Assembly resolution 70/286, in which the Assembly requested the Secretary-General to continue his efforts to reduce the overall environmental footprint of each peacekeeping mission, including by implementing environmentally friendly waste management and power generation systems.

84. The most common environmental risks encountered in United Nations peace operations were identified when developing the strategy. These risks related to the management of United Nations facilities located in post-conflict areas with limited

reliable services and infrastructures, namely, risks associated with support activities such as wastewater management, solid waste management, water supply and energy supply. Considering the potentially high impact they can have on human health and the environment in the event of mismanagement, wastewater and solid waste were considered as the most critical environmental risks commonly encountered in United Nations missions and given priority. That emphasis, while recently placed on a temporary basis, can remain in place for longer periods than initially planned.

85. A dedicated structure was put in place at a high level. An "environment" section was created in 2016 within the Department of Operational Support, reporting directly to the Office of the Under-Secretary-General. Progressively, at least one "environmental" expert from within existing resources has been identified in each field mission. GCS in Brindisi also includes a team of technical experts to support field missions. The Rapid Environment and Climate Technical Assistance Facility supplements this capacity with a pool of technical experts that provide on-call and tailored technical assistance to missions.

86. A robust environmental risk and performance monitoring framework has been established. Risk assessment methodologies have been developed and implemented in field missions to provide a systematic assessment of the risks related to wastewater and solid waste management in various operational settings. This has allowed the monitoring of about 100 indicators, on-site and off-site checks, the highlighting of anomalies through a regular reporting at high level (with a system of alert as soon as one indicator appears off-track), the holding of a working community meeting at least on a bimonthly basis, with regular communication and training, and the development of specific procedures in the event a risk materializes. Environmental risk levels are regularly reassessed by field missions through a performance reporting cycle every semester using a dedicated platform. An environmental performance scorecard is issued annually for each mission.

87. Watching and mitigating the risks associated with water and waste management in peacekeeping operations seems now well anchored. Whenever any significant wastewater risk levels are reported, a wastewater risk mitigation plan is developed by the relevant mission with support from the Department of Operational Support, aiming at identifying immediate risk mitigation measures and planning the implementation of robust risk controls. Close oversight by senior management is in place, with a clear follow-up and reporting schemes and a real empowerment at the operational level in the field.

(c) Lessons learned

88. This case study illustrates that mapping and addressing potential systemic risks before they occur is essential. When this work is omitted or poorly done, having to face a major shock can be a decisive driver. One should however be able to properly manage critical risks without waiting for a crisis to materialize.

89. Key factors of success include requesting oversight at the highest possible level (direct reporting line to the Under-Secretary-General Department of Operational Support), setting a limited number of priorities (risks linked to water and waste management) with a clear level of risk tolerance (very low in this case: a warning is sent as soon as one of the indicators turns off-track), checking results on the spot and communicating with, training and leading a working community while providing technical support in the field.

90. Having been developed before the specific enterprise risk management tools were in place, the environmental strategy seems to have benefited little from this new framework.

3.2. Need to deal with cases of sexual exploitation and abuse contributed to the design of changes and reinforcing of measures to mitigate this major risk

91. The need to deal with cases of sexual exploitation and abuse in peacekeeping operations, notably in the Central African Republic, contributed to design changes and the progressively reinforcement of measures to mitigate this major risk.

(a) Difficult management of cases of sexual exploitation and abuse by blue helmets in the Central African Republic

92. Initial reporting on cases of sexual exploitation and abuse by uniformed personnel of MINUSCA led to a first investigation by OIOS between March and November 2016. Nearly 100 cases of victims were examined, with conclusions on strong presumptions in several cases. Actions taken included official communications and high-level meetings with the troop-contributing country involved, inviting them to adapt their training to United Nations standards and properly address sexual exploitation and abuse allegations in order to allow follow-up and proper sanctions at the national level.

93. Unfortunately, the mitigation measures following the 2016 investigations did not prevent abuses from continuing. Credible reports went on, questioning the credibility of the United Nations. Five years later, in September 2021, the Secretariat resorted to a radical measure, namely, requesting the concerned military contingent to depart from MINUSCA. This exceptional decision had appeared unavoidable to ensure that no other crime or misconduct was committed, even if it were at the expenses of delivering on the mandate of MINUSCA. OIOS was seized in October 2021 and issued a second report in May 2022. Headquarters also deployed two after-action review missions, in order to assess the systemic factors that contributed to the environment that made the alleged abuse possible, and provided recommendations now under implementation.

(b) Progressive reinforcement of measures to mitigate the risk of sexual exploitation and abuse in peacekeeping missions

94. While striving to tackle the MINUSCA crisis and dealing with reported cases in other contexts, the Secretariat developed long-term actions aimed at mitigating the risk of sexual exploitation and abuse in peacekeeping missions. Some initiatives had already been taken for many years to prevent this risk, including mandatory training. A detailed report and strategy were submitted by the Secretary-General to the General Assembly in February 2017 (A/71/818), reaffirming the zero-tolerance principle, identifying some of the key factors that favoured this risk and promoting mitigating measures. Many resolutions of the General Assembly have been taken, and the Secretary-General's work has deepened with various bulletins, standards of conduct or protocols dedicated to sexual exploitation and abuse.

95. A risk management approach has also been developed to address the issue, including through an integrated model, relying on the expertise of all mission and country teams, and an online toolkit, which provides field missions with a systematic approach to managing risks relating to sexual exploitation and abuse of the population by United Nations personnel. These risk management tools are currently being reviewed to reflect lessons learned.

96. Measures to mitigate the risk of sexual exploitation and abuse have been one of the key priorities of peacekeeping operations in recent years. The 2021 Action for Peacekeeping Plus strategy has put a high emphasis on this risk, as part as the strengthening of the broader accountability of peacekeepers. A standard operating procedure on sexual misconduct and protection from sexual exploitation and abuse

and sexual harassment was developed in 2022 by the Office for the Coordination of Humanitarian Affairs. An emphasis has also been placed on better ensuring a proper rotation of contingents, communicating, encouraging reporting and cooperating with the justice system in the countries concerned. Risk registers at the central level also reflect these different priorities, although with an uneven emphasis. A high-level task force has also been instituted, aiming at building a coherent Secretariat-wide response to conduct and discipline issues, including sexual exploitation and abuse.

(c) Lessons learned

97. This case study confirms how an acute crisis, even if overcome with delay and difficulties, can help to boost risk management, including in very sensitive areas such as misconduct of United Nations personnel. It also illustrates the consequences that a zero-tolerance policy can have on other risks, including the risk of not properly delivering on the mission.

98. Key success factors include: the upfront consideration of potential risks when designing a policy (e.g. ensuring the proper training and rotation of contingents to diminish the risk); cooperation with all stakeholders, including oversight bodies, other authorities implied and victims, to ensure a shared vision and more efficiency; the set-up of specific training and communication schemes; and checks that the policy is effectively implemented on the ground, especially in the follow-up to investigations.

3.3. COVID-19-related threats to peacekeeping operations' business continuity led to risk-based crisis management

99. The COVID-19 pandemic, threatening peacekeeping operations' business continuity, led to an unprecedented mobilization and risk-based crisis management.

(a) Organization's mobilization to avoid business disruption, notably in the field of peacekeeping operations

100. The COVID-19 pandemic threatened the business continuity of the Organization, notably in the field of peacekeeping operations. From the first weeks, with the spread of the disease and subsequent border closures, it appeared clear that nothing less than the ability of the United Nations to continue its core activities was at stake, with the potential inability of United Nations organizations to stay and deliver on their mandates in the event that significant numbers of staff and partner personnel became ill with no means of treatment, or left their duty locations out of fear of contamination or a lack of access to care. As far as peacekeeping operations were concerned, there was also the risk that troop- and police-contributing countries would withdraw their personnel if proper options were not offered.

101. An ad hoc organization was rapidly set up to address the crisis. While a pandemic risk had been anticipated since 2005, with specific medical stockpiles such as personal protective equipment established for such an event, insufficient human resourcing in medical response capabilities was allotted for such response and preparedness. Nevertheless, the experience in responding to outbreaks such as the Ebola virus disease, Zika, cholera, etc. had allowed the United Nations to react quickly to the COVID-19 crisis. This included the rapid establishment of a system-wide case and death tracking system, technical guidelines developed and provided to duty stations, and an innovative and proactive predeployment, in-mission and post-deployment quarantine policy for all uniformed personnel to limit the spread by and among peacekeepers.

102. A United Nations COVID-19 System-Wide Medevac Task Force was formed from April 2020, coordinated by the Department of Operational Support and including 14 stakeholder entities. Given the inability of commercial or United Nations internal medical evacuation arrangements to safeguard the health and security of

United Nations personnel, their families and partner personnel, the Task Force was established to pool resources and coordinate their effective utilization, closely monitor the situation in the field to identify high-risk countries where the local infrastructure did not meet expected standards or was overwhelmed, establish global or regional hubs suitable for the deployment of commodities critical to the COVID-19 response and assess potential costs and mechanisms to provide funding.

(b) Risk-based crisis management

103. Emergency measures to ensure business continuity followed a risk-based approach. Risk scenarios on population coverage helped the Task Force decide on treatment locations, financing plans, arrangements for new facilities and contracted treatment capacities.

104. The implementation of mitigation measures was based on the three lines of defence model. At the level of the first line of defence, managers focused on improving the local health infrastructure at locations where the United Nations and partners were deployed, notably in peacekeeping operations. Yet, the prioritization of the risk of pandemic has so far remained uneven in the mission registers. When necessary, the second line of defence of the Department of Operational Support intervened, notably in MONUSCO and UNMISS, to enhance the medical infrastructure through the deployment of additional troop-contributing countries' medical capabilities. The Department also purchased ventilators and antibody test kits in early 2020, thanks to a quick consolidation of mission requirements and an agile outreach to trusted suppliers, before price inflation caused by worldwide demand. In July, September and November 2020, polymerase chain reaction (PCR)-based COVID-19 testing capabilities were established in missions and helped to better control the spread of the disease.

105. The Department of Operational Support, Department of Peace Operations and Department of Political and Peacebuilding Affairs also established a successful Field Support Group for COVID-19, which proved essential to coordinate support and communication to field missions. Among its benefits, it embedded medical and wider support expertise to support the efforts to mitigate the spread of COVID-19 in the field, and ensured a strong emphasis on strategic communication, including to Member States, and on the use of data to monitor the impact of COVID-19 and adjust support to the field. It also allowed for the development of specialized guidance to cater for the challenges faced by military and police personnel.

106. The vaccination programme has also been conducted with a specific attention to risks. A system-wide COVID-19 vaccination programme was established in early 2021 to ensure access to WHO-approved vaccines as soon as they became available, in particular at duty locations where access to the host country programmes might be insufficient. The Department of Operational Support first concluded a purchase in January 2021 from an India-based manufacturer of the AstraZeneca-type vaccine, which made it possible to kick-start deployment between April and July 2021. To secure uninterrupted and diversified supply for the programme, the Department continued to work with Governments and manufacturers, entering into various donation and purchase agreements. Beyond securing access to supply, the programme also paid attention to the risks highlighted by early reports on potential serious side effects of vaccines and established a broad communication strategy to address the resulting hesitancy of personnel.

107. Quarterly risk reviews were put into place to assess whether there was a continuing need for the mechanism in its current form, or whether scale-down or closure may be appropriate. Parameters informing those quarterly assessments were developed by the Task Force, in consultation with key stakeholders, to design a data-

driven and structured risk approach. A methodological framework comprised indicators relating to epidemiological, strategic and operational objectives. The decision-making process aimed at adapting to the assessed needs and ensuring the implementation of practical and tailored recommendations rather than pre-determined plans.

(c) Lessons learned

108. While the United Nations had identified the risk of a pandemic and had anticipated some measures, such as stockpiles of certain medical supplies, the COVID-19 pandemic was unprecedented. Nevertheless, building on the experience of previous outbreaks, the Organization was able to take up the issue at the highest level and limit the potential disruptive threat posed by the crisis, especially in exposed fields such as peacekeeping missions. An ad hoc organization and action plan were put into place, with a risk-based approach that helped to tailor mitigation measures both at an early stage and in the longer term. The first and second lines of defence were mobilized in managing the risks at stake.

3.4. Exogenous event questioning the safety of essential air operations led to a gradual approach to mitigate the various risks at stake

109. An exogenous event that called into question the safety of essential air operations in peacekeeping operations led to the adoption of a gradual approach to mitigate the various risks at stake.

(a) Exogenous event calling into question the safety of essential air operations in peacekeeping missions

110. An exogenous event – the successive rulings of ICAO – called into question the security of continuing to fly with aircrafts notably used in peacekeeping operations. In June 2022, the ICAO secretariat issued a provisional ruling to a Member State in relation to the Convention on International Civil Aviation and gave it 90 days to introduce corrective action. As the concern remained unresolved, ICAO formally confirmed the ruling in September 2022, with respect to the ability to properly oversee the airworthiness of the aircraft in question.

111. The situation has presented a high risk to the Organization, seriously weakening the ability of peacekeeping and special political missions to perform some of their air operations in support to their mandates. At the time of the issuance of the ruling, the secretariat had contracts with air operators from the concerned Member State for a total of 44 aircraft in support of 10 missions. In some missions, the air carriers in question had been responsible for essential tasks, such as medical evacuation, troop rotations and movements within the mission area, and for the transportation of life-support supplies and equipment, including ammunition.

(b) Different risks mitigated thanks to a gradual approach

112. The Organization had to face risks of different natures, inducing potentially contradictory measures. On the one hand, it could be requested that the involved aircrafts immediately refrain from performing their tasks until further notice, owing to safety concerns. On the other hand, the need to continue to be able to evacuate seriously injured and ill persons and to transport essential food and equipment could justify the prolonged use of the aircrafts until another solution became available. The risks deriving from the ICAO ruling also had to be balanced with the risk of not implementing the mandate.

113. The Department of Operational Support decided to adopt a phased approach and take complementary initiatives. On the preventive side, before the ruling was confirmed, a close contact was established with the concerned national authorities to

encourage them to resolve the outstanding issues and avoid the formal publication of the ruling. A request for information was issued to the market to explore availability, which resulted in the publication of an invitation to bid after the ICAO ruling was confirmed, in order to quickly replace or supplement aircraft in the most affected missions, and contracts have started to be awarded under that contingency plan. When the ruling was issued, and after clarifying that insurance providers would continue to insure operations for life-support cargo and for casualty and medical evacuations, missions were informed that they could task the aircrafts for those purposes only. The Department of Operational Support expects to go to the market shortly for a total of 22 helicopters in support of the most affected missions, and in the meantime it has redeployed aircraft between missions to cover the main gaps created.

(c) Lessons learned

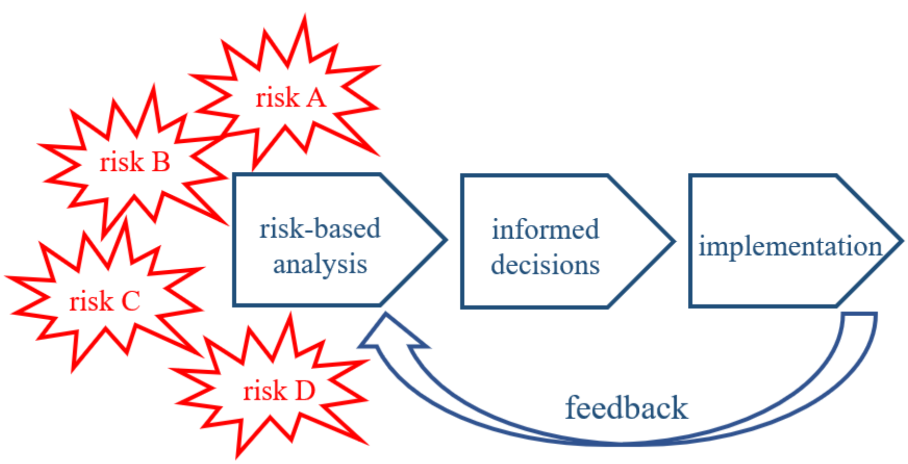
114. Throughout the crisis, risk management has so far emerged as a key element in making informed decisions step by step. Different types of risks had to be assessed and balanced, and actions could be taken with the assumption that a certain level of risk would remain.

Way forward

115. These examples confirm that the Organization already has a strong habit of managing risks in the field of peacekeeping operations. Taking informed decisions and ensuring that they are properly implemented can benefit greatly from a risk-based approach, even if it is not specifically enshrined in the enterprise risk management system. Severe crises, however unfortunate as they may seem, can play a decisive role in boosting the design of appropriate policies and the implementation of efficient mitigation measures. These examples also confirm the ability, even implicitly, of the system to act concretely in a landscape that is never risk-free.

116. **The Board recommends that the Administration better promote risk-based approaches to peacekeeping through annual bottom-up feedback sessions on key risk and crisis management cases.**

Figure II.IV
Risk-based approach



Source: Board of Auditors.

117. Sessions could take place within each peacekeeping operation, in the form of a cross-cutting exercise with the participation of relevant Headquarters departments. The exercises should go beyond exchanges among practitioners – however useful –

and imply high-level managers, so that risk management feeds into critical upstream and downstream planning, decision-making, implementation and reporting processes.

118. The Administration accepted the recommendation.

4. The role of the first and second "lines of defence" in the management of risks

119. The three lines of defence model, originally defined by the Institute of Internal Auditors[22] and subsequently tailored by CEB to United Nations system organizations, aims to clarify essential responsibilities in providing assurance with regard to internal controls. The first line of defence is operations management and employees. The second line of defence is centralized business-enabling functions with specialized skills, such as budget management, legal and regulatory compliance and quality assurance. The third line of defence is independent assurance, including internal audit.[23]

120. The role of the first line of defence in risk management seems far from sufficient, in particular in a decentralized organization such as peacekeeping operations (see sect. 4.1 below). The second line of defence should be reinforced to allow proper accountability and ensure a higher quality of risk management (see sect. 4.2).

4.1. First line of defence should play a far more active role in managing key operational risks in the decentralized peacekeeping context

121. The proper functioning of the various lines of defence is essential for the effectiveness of risk management. The three lines of defence model was introduced by the Secretary-General in 2018 in the context of strengthening the Secretariat's accountability, presented as a key driver to clarify the essential roles and responsibilities for risk management and internal controls within the Organization and improve the effectiveness of the risk management systems.[24] On several occasions, the Board has already recommended that the first and second lines of defence be strengthened, including by defining clear levels of responsibilities and through better structuring compliance and monitoring functions.

122. The first line of defence should play a far more active role in managing key operational risks in the decentralized peacekeeping context.

(a) Extensive prerogatives of the first line of defence

123. In peacekeeping operations, the first line of defence includes heads of missions and managers working with them in the field, as well as managers in supporting activities, in global or regional centres and at Headquarters. Participants in the first line of defence have in common that, wherever they have operational responsibilities, they are in a position to identify, prioritize and mitigate most of the critical risks at stake. This is true, for instance, in the fields of sexual exploitation and abuse, occupational safety and health or fraud and misconduct. At the same time, they can also participate in the second line of defence on matters on which they have a monitoring function. This concerns in particular Headquarters entities, such as for example the Office of Programme Planning, Finance and Budget, which monitors budget preparation by field missions.

124. Heads of missions and managers in the field are granted very extensive prerogatives and responsibilities. Peacekeeping missions were already very

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[22] Institute of Internal Auditors, "The three lines of defence in effective risk management and control" (2013), available at https://theiia.fi/wp-content/uploads/2017/01/pp-the-three-lines-of-defense-in-effective-risk-management-and-control.pdf.

[23] See CEB/2014/HLCM/14/Rev.1, available at https://unsceb.org/sites/default/files/2020-09/CEB-2014-HLCM-14-Rev.1_Risk%20Management,%20Oversight%20and%20Accountability%20 Model.pdf.

[24] See A/72/773.

decentralized organizations as such, but further decentralization and the delegation of authority reform have reinforced that pattern. The 2019 policy specifies that, "to ensure the effective and accountable implementation of the decisions of both the Security Council and the General Assembly, the Secretary-General confers responsibility and delegates authority for mission management to the head of mission".[25] The head of mission, who very often simultaneously serves as Special Representative of the Secretary-General, is responsible both for implementing the mission mandate and for managing the resources of the mission. The 2019 revised delegation of authority framework (ST/SGB/2019/2) also determines additional decisions in different functional areas, such as budget and finance, human resources, procurement and property management.

(b) Uneven management of risks at the level of the first line of defence

125. The first line of defence is best placed to identify most of the risks that arise at an operational level and to take the immediate – and often decisive – actions that may mitigate those risks. A misfunctioning risk management at this level can have a negative impact the whole Organization. The May 2011 enterprise risk management and internal control policy was drafted before the three lines of defence model was introduced and presents an intricate description of the role of different actors implied, which would need to be re-examined.

126. Participants in the first line of defence in peacekeeping operations do not often seem fully aware of their responsibilities in managing risks. The definition of the different levels of compliance and monitoring functions remains a recurring issue. Field managers and local risk focal points still experience difficulties in identifying their precise responsibilities in the risk management framework, as was noted in different missions. There is a significant risk that managers of the first line of defence, lacking awareness of their roles, do not properly contribute to risk management. In this regard, continuous efforts to increase guidance and support to operational managers seem essential, as does intensifying training and coaching to address the knowledge gap.

127. At times, the first line of defence does not appear to play its role in the management of key operational risks. An illustration of this observation can be found in the poor management of the risk of misappropriation of fuel and rations in missions.

128. Creating and sustaining a risk culture at the level of the first line of defence will require a series of long-lasting efforts. Stakeholders and managers in the missions and service centres need to better understand why and how they are to implement risk management and develop the skills and competencies to do so. The core decision-making and management processes that they use – be it strategic, programme, budget planning and monitoring or organizational performance measurement – would need to integrate risk management more deeply. While this culture progressively spreads in the field, stakeholders would see risk management adopted and modelled around them in the organization and tend to use it more and more actively.

4.2. Second line of defence should be reinforced to allow proper accountability and ensure higher quality of risk management

129. A reinforced second line of defence, notably by including the Department of Peace Operations, would be necessary to allow proper accountability and ensure a higher quality of risk management.

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[25] Department of Peace Operations and Department of Operational Support, "Authority, Command and Control in United Nations Peacekeeping Operations" (25 October 2019), available at https://police.un.org/sites/default/files/2019.23_policy_on_authority_command_and_control_25_october_2019.pdf.

(a) Reinforced second line of defence to strengthen accountability

130. The extensive devolution to the first line of defence requires a strengthening of accountability. This seems to be true for both operational and administrative decisions. Concerning the latter, the Secretary-General has clearly stated that the delegation of authority is a "new management paradigm, under which greater authority [would] be delegated to managers entrusted with the responsibility to deliver on the Organization's mandates, who in turn will be held accountable for their decisions, performance and conduct".[26]

131. Nevertheless, a common view among peacekeeping managers has been to perceive operational and administrative decentralization as a one-way move, entrusting responsibilities with few accountability duties. This misconception can lead to worrisome risks. Appropriate checks and balances need to be put in place with a more precise vision of the role that the second line of defence has to play to mitigate risks associated to the wider devolution of power.

(b) Reinforced second line of defence, including the Department of Peace Operations, to ensure a higher quality of risk management

132. The role of the second line of defence seems to be essential in two complementary directions: methodological support; and oversight. Providing the advice and support necessary for operational managers in order to anchor risk management into key processes is particularly needed at an early stage. Oversight becomes more and more important as risk management matures. Within the Secretariat, the responsibilities of the second line of defence are entrusted primarily to the Department of Management Strategy, Policy and Compliance, but also, in their respective domains of interventions, to the Department of Safety and Security, the Department of Operational Support, the Office of Information and Communications Technology, the Office of Legal Affairs and the Ethics Office.[27] In this framework, the Department of Peace Operations is not formally included in the second line of defence.

133. In terms of methodological support, a lot of work has already been done. The section of the Department of Management Strategy, Policy and Compliance dedicated to enterprise risk management has played a central role, in drafting and disseminating tools such as the 2021 enterprise risk management and internal control guide for managers; running a network of local risk management focal points who benefit from an online community of practice; and conducting training programmes and workshops, including in the area of peacekeeping operations.

134. In terms of risk management oversight in peacekeeping operations, there is a need to involve all departments responsible for both core and support activities in each of the areas where critical risks may appear. Headquarters departments like the Department of Operational Support (for instance on risks associated with supply chain, aviation safety or the environment), the Department of Management Strategy, Policy and Compliance (on budget, internal control, delegation of authority and human resources), the Department of Safety and Security (on security) and the Office of Information and Communications Technology (on information and communications technologies) provide guidance and advisory support but are also in most cases involved in professionalizing and streamlining the mapping, prioritization and mitigation of risks associated with their respective areas of expertise. This illustrates, even in the decentralized governance of peacekeeping operations, the relevance of including in the second line of defence entities that have an oversight function and

[26] See A/72/773.

[27] *Eighth progress report on the accountability system in the United Nations Secretariat: strengthening the accountability system of the Secretariat under the new management paradigm*, Report of the Secretary-General, December 2018 (A/73/688).

unparalleled expertise in specific fields where they can provide advice and support on the proper assessment of risks, as on the design of efficient mitigation measures.

135. In practice, the Department of Peace Operations also accomplishes many tasks that fall under the responsibility of the second line of defence, through its oversight of peacekeeping operations. Their role in the field of conduct and discipline matters related to uniformed personnel has, for instance, been essential alongside the Department of Management Strategy, Policy and Compliance. Among other mechanisms, the Office of Peacekeeping Strategic Partnerships within the Department of Peace Operations coordinates monthly performance meetings, considering risks of underperformance, and undertakes independent reviews in missions, which address systemic issues in their ability to implement mandates. Focused on the safety, security and welfare of uniformed personnel, and on their capacity to deliver on mandates, the scope of the Office appears to be closely related to risks identified both at the Secretariat and mission levels.

136. Nevertheless, the fact that the Department of Peace Operations is not formally included in the second line of defence appears problematic. The Department of Peace Operations, not receiving all the "risk registers" prepared by the peacekeeping missions despite the directives given by the Department of Management Strategy, Policy and Compliance, has currently no synthetic view of the critical risks that they have identified and decided to tackle as a matter of priority. The Department of Peace Operations would be capable of providing significant and valuable feedback on the quality, relevance and consistency of these risk registers, whereas the risk management section of the Department of Management Strategy, Policy and Compliance would continue to provide methodological guidance and support. This could also be relevant for the mitigation measures listed in the "risk treatment and response plan" drafted by the missions. The participation of the Department of Peace Operations in the second line of defence would also help to achieve higher consistency of risk management between peacekeeping missions, where significant discrepancies remain, as well as between missions, service centres and Headquarters.

Figure II.V
Risk management and second "line of defence"

Source: Board of Auditors.
Abbreviations: DMSPC, Department of Management Strategy, Policy and Compliance; DOS, Department of Operational Support; DPO, Department of Peace Operations; DSS, Department of Safety and Security; OICT, Office of Information and Communications Technology.

Way forward

137. The first "line of defence" in peacekeeping operations does not play its role in terms of risk management. Many risks materialize or develop because of the insufficient involvement of the managerial level concerned in the first instance into monitoring risks. Each manager should become a first-liner in managing the risks linked to their level of responsibility, and escalate those that go beyond, initiating a cascading of risk management actions.

138. The second "line of defence", in turn, is not yet mature and focuses mainly on methodological and compliance aspects of risk management, as well as ad hoc corrective measures after the occurrence of events. Forward planning of key substantive and systemic issues of concern may not be noticed in the near absence of one of the major players, namely the Department of Peace Operations. This also prevents there being a system-wide view of the priority risks identified by the missions, and even more so an overall coherence of peacekeeping risk management, with the sharing of best practices and lessons learned between missions.

139. **The Board recommends that the Administration clarify the roles of the first and second lines of defence in the management of risks in peacekeeping operations, taking concrete steps to increase their empowerment, involvement and accountability, and formalizing in particular the participation of the Department of Peace Operations to the second line of defence.**

140. Risk prioritization and mitigation exercises conducted under the responsibility of the missions should thoroughly be reviewed by the Department of Peace Operations prior to their approval and implementation by the heads of missions. This involvement of the Department, and related requirements stemming from other recommendations of the present report, could necessitate the establishment of a risk management function within the Department, with the proper dedicated resources.

141. The Administration accepted the recommendation.

5. The implementation of the enterprise risk management policy

142. The implementation of the enterprise risk management policy in peacekeeping operations is an ongoing process (see sect. 5.1 below) and has so far seldom reached any step beyond a partial identification of the critical risks, preventing any proper assessment, prioritization or mitigation of the risks (see sect. 5.2).

5.1. Enterprise risk management in peacekeeping operations is a recent reform that has met governance and scope challenges

143. Inspired by private sector practices, an enterprise risk management framework has recently been applied to peacekeeping operations. Since the mid-1990s, enterprise risk management has emerged as a concept and as a management function within private corporations, conceived as a systematic and integrated approach to the management of the risks that a company faces. The enterprise risk management integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission was first published in 2004. Such a framework in peacekeeping operations has met some governance and scope challenges.

(a) Calendar of implementation of the enterprise risk management policy

144. The implementation of the May 2011 enterprise risk management and internal control policy has only recently been expanded to the field of peacekeeping operations. MONUSCO was selected in 2015 to be a pilot entity in the implementation of enterprise risk management, followed by UNIFIL, UNMIK and

UNMIL in 2016. In its resolution 71/283 of April 2017, the General Assembly noted the progress made and requested the Secretary-General to ensure the comprehensive implementation of the system in all peacekeeping operations. As a result, enterprise risk management had been introduced in all peacekeeping missions before the creation in January 2019 of the Department of Management Strategy, Policy and Compliance. In 2020 and 2021, the COVID-19 pandemic also acted as a booster for this ongoing process throughout the Organization, the objective being that the entire Secretariat should have implemented it by no later than the end of 2023. As of June 2022, the timeline of full implementation of enterprise risk management in peacekeeping operations was as follows:

Table II.3
Timeline of enterprise risk management implementation by entity

Fourth quarter of 2021 (completed)	*Fourth quarter of 2022 and no later than the fourth quarter of 2023*
DMSPC	DPO
DOS	MINUSCA
UNIFIL	UNMISS
UNMIK	MINURSO
UNISFA	
UNFICYP	
MONUSCO	
MINUSMA	
UNDOF	
UNTSO[a]	
UNMOGIP[a]	

Source: Information provided by management.
Abbreviations: DMSPC, Department of Management Strategy, Policy and Compliance; DPO, Department of Peace Operations; DOS, Department of Operational Support.
[a] Volume I peacekeeping operations.

145. Peacekeeping-related entities are making progress at a varying and sometimes erratic pace in the enterprise risk management implementation process. They are facing different levels of maturity regarding the milestones defined by the Department of Management Strategy, Policy and Compliance. Key tools of some entities in the field and at Headquarters are still at an early stage of draft or are not regularly updated.

(b) Governance of enterprise risk management in peacekeeping operations

146. The governance of enterprise risk management in the field of peacekeeping needs to be strengthened. At the level of the Secretariat, the enterprise risk management system is supported by a structured governance with a management committee, a management committee task force and a dedicated section of the Department of Management Strategy, Policy and Compliance. As regards risk management in the field of peacekeeping, and as mentioned previously, the role of the Department of Peace Operations seems insufficient.

147. At the level of the missions and service centres, the teams dedicated to enterprise risk management are not always well established or anchored in the operations. No function equivalent to a "chief risk officer" exists, which would be fully integrated into the top management team. Local enterprise risk management committees and focal points are set up most of time, but with a lack of formalization. Having proper terms of reference and minutes is not a standard. These risk specialists face difficulties in meeting the recurrence requirements, some dedicated enterprise risk management committees having not met for extended periods of time, including in some cases more than a year. The integration of the focal points into the operational governance of missions remains fragile, with a tendency of focal points to be left aside, fulfilling only the minimum requirement that enterprise risk management be a part-time task, with no real impact on the management of key risks. In MONUSCO for instance, only 0.2 full-time equivalents are currently dedicated to the fulfilment of enterprise risk management requirements.

(c) Scope of enterprise risk management in the field of peacekeeping operations

148. The appropriateness of applying the enterprise risk management framework to the threats a peacekeeping mission faces in terms of security or the use of uniformed components may be questioned. The issue of the scope of enterprise risk management was already raised in 2012 by the General Assembly when considering the Secretariat progress report on accountability. Following an analysis by the Advisory Committee on Administrative and Budgetary Questions (A/66/738), the General Assembly, in its resolution 66/257, had welcomed the progress made by the Secretary-General towards the development of the enterprise risk management framework and stressed that there was a need to clearly distinguish between the respective roles and responsibilities of the governing bodies and management, and in that regard requested the Secretary-General to review his enterprise risk management policy, focusing on the role and responsibilities of the Secretariat in the management of the risks of its operations.

149. Indeed, on the one hand, enterprise risk management could be seen as an overarching tool that could potentially cover the largest possible variety of risks. Regarding peacekeeping operations, many of the major risks missions face, and often the most consequential in terms of ability to implement the mandate and allocation of resources, relate to uniformed components, and specifically the force. Areas of deployment and force posture, determined inter alia on the basis of the mandate and operational circumstances, including the safety and security of personnel, will be linked to major risks for the force and have major implications for mission resources. Given the proportion of peacekeeping personnel that make up the uniformed components, as well as the resources involved in deploying and sustaining their operations and their core role in the implementation of mandates, they cannot be left out of the risk management scope at the programmatic level.

150. On the other hand, the enterprise risk management framework could appear of less relevance for the operational and tactical decision-making of uniformed components, notably the force. Aiming at too much aestheticism in the enterprise risk management policy would be at the expense of the duty of reality, since operational risks associated with security and the force appear to be of a very specific nature both in terms of impact (lives are at stake) and the response required (often immediate, not compatible with the usual enterprise risk management timing). Excluding these components from the scope of enterprise risk management at this initial stage could facilitate the process, even if at a later stage, as risk management matures, some side activities of the force could progressively be integrated into the enterprise risk management framework and benefit from it. Already, in the operationalization of their mandates, especially those relating to the protection of civilians, uniformed components do include risk management considerations. It could also be useful for

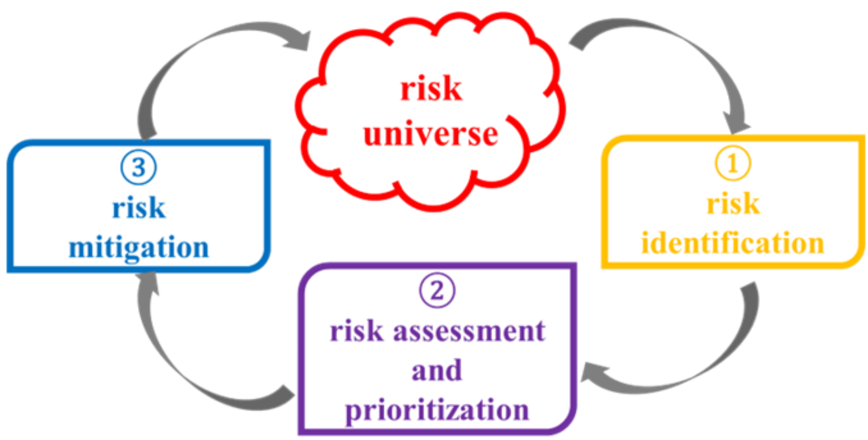
other operational components to be covered by enterprise risk management, such as risks relating to the ability of uniformed components to have air medical evacuation, in order to allow for long-term anticipation and planning.

151. Beyond the overall accountability framework, the usefulness of having specific enterprise risk management tools relating to risks that already benefit from a sound management also needs to be assessed on a case-by-case basis. Most of the time, enterprise risk management can help professionalize pre-existing risk management practices, but in some cases it can add little if no value, or even appear unnecessarily disruptive and come at the expense of efficiency and effectiveness. For instance, the Aviation Safety Section of the Department of Operational Support seems to have already implemented an efficient risk management system, supported by a dedicated information technology tool, and would probably not benefit much from the enterprise risk management tools, even if one of the purposes of enterprise risk management is to build an integrated system covering risk management in all operational areas.

5.2. Enterprise risk management in peacekeeping operations faces difficulties in going beyond the initial stage of identifying critical risks and to succeed in properly prioritizing and mitigating these risks.

152. Enterprise risk management in peacekeeping operations has rarely gone beyond a cursory identification of critical risks at stake. In most cases, risk assessment and prioritization have not been satisfactorily completed, let alone the identification and implementation of appropriate mitigation measures.

Figure II.VI
Key steps in risk management



Source: Board of Auditors.

(a) Risk identification

153. The quality of risk mapping in the field of peacekeeping remains uneven and cannot guarantee that all major critical risks are covered. Identifying critical risks is a key initial step of the enterprise risk management process, which materializes in the making of "risk registers". At the end of 2022, some of these registers were still under preparation, including for instance the shared register of the Department of Peace Operations-Department of Political and Peacebuilding Affairs. Some registers appear to list too many risks to be properly addressed, whereas others cover too few, with obvious blind spots. For example, the register for MINUSMA points out 72 risks, out of which 17 are rated very high, and implies the involvement of 94 focal points. On

the contrary, GSC includes only five risks and does not seem to cover the entire spectrum of critical risks the centre has to face, including operational and financial risks in connection to the obsolescence of the strategic deployment stock. In some organizations, significant changes in risk registers were made from one year to the next, although, apart from the COVID-19 crisis, the risk environment remained stable. Improved risk identification, assessment, treatment and response, and further coherence and consistency in the implementation process should be supported by the full deployment of the governance risk and compliance application (Fortuna), which includes both a risk management module and an internal control module.

154. The methods used to identify and review the risks are neither formalized nor sound. In the case of UNMISS, the risk register update has not been formally validated by the risk management committee or the Special Representative of the Secretary-General since 2018, when the Mission’s first risk register was built. The updated registers are considered to be in draft form by Headquarters with no formalized feedback to the Mission, including regarding potential errors in the positioning of risks and inconsistencies in their prioritization. Under these conditions, the risk register without validation by top management provides limited operational benefit, although it could become an indispensable tool for decision-making, in particular with regard to the reduction of residual risks according to priorities and the implementation of the associated treatment plans.

155. In most of the missions, risk identification has been carried out by the local risk focal points, with uneven collaboration from leadership. Middle management, responsible for operations, has only been marginally involved. The alignment of the risks mapped with the strategic objectives of the entity remains partial, and the risk of not reaching these objectives is seldom covered. For instance, 6 risks out of the 22 risks of the latest UNFICYP risk register do not take into consideration the mission’s objectives, mandates and strategic initiatives.

156. On the whole, enterprise risk management risk registers rarely reflect the top priorities of the entities or the most critical risks in the field of peacekeeping activities that the heads of missions, directors of service centres or heads of departments effectively have to face. They have remained largely disconnected from the operational management of key pre-existing risks, and the tool does not seem to have yet added much value to the system. As mentioned above, the Department of Operational Support environmental risk management is a good illustration of this, where an effective risk management system was in place prior to the introduction of enterprise risk management.

157. More consistency in the approach would certainly be valuable, even if some flexibility remains necessary. A flexibility in the practical application of risk identification methodology in specific circumstances also appears reasonable, and at times needed, considering the diversity of mandates, scope of activities and culture at the entity level.

158. Risk identification would benefit greatly from a less linear and more interactive approach, mixing top-down and bottom-up, as well as internal and external sources of information. The top-down impulse could include more strategic analytical quantitative analysis of risk in peacekeeping, developed at the level of the Department of Peace Operations but also using targeted consultancy and artificial intelligence. External information sources could populate analysis at a granular level through interviews, survey or feedbacks from stakeholders and clients.

(b) Risk assessment and prioritization

159. The assessment of the risks identified in peacekeeping operations’ registers are rarely reliable. The enterprise risk management methodology provides guidance for

assessing the criticality of a given risk, i.e. a combination of its impact and likelihood, as well as the level of pre-existing internal controls that may help in diminishing or avoiding this risk. These assessments are mainly conducted by the risk focal points who have no direct experience of the risks at stake and make their analysis on the basis of interviews and available documentation. In UNMISS, if risk assessments are done by section-level risk focal points with direct experience of the risks at stake, the missions also recognizes that more guidance, support and follow-up could be given to them on conducting the assessments. The lack of audit track at this step of the enterprise risk management cycle can lead to the misclassification of risks and, consequently, inadequate responses in the risk treatment, as was notably noted in MINUSMA, MONUSCO and UNMISS.

160. The robustness of the internal control defined for each identified risk remains largely unknown. In spite of the efforts made on mapping risk management systems, the absence of an independent assessment of the existing internal control does not make it possible to ascertain the reality of its effectiveness and comprehensiveness. This raises a more globally question on the quality of internal control in the field of peacekeeping operations.

161. In the absence of reliable assessments, prioritizing risks on which to focus action has largely remained impossible or disconnected from their actual criticality. The Department of Operational Support strived to quote risks of different levels, ranging from “very high” to “medium” in compliance with the enterprise risk management guide for managers, and then prioritized the “very high” risks but also developed risk treatment and response plans for the remaining “high” and “medium” risks. However, in most of the cases, and in particular at the mission level, prioritization is not an option and the scarcity of resources leads to de facto selections, which do not result from an informed prioritization of the most critical ones.

(c) Risk mitigation

162. Mitigation measures, which are gathered in the enterprise risk management “risk treatment and response plan”, do not appear sufficient nor properly sized. When existing, these plans often appear to list mitigation measures that are too numerous, poorly defined and sometimes even irrelevant (not aiming at mitigating the risk identified) or outdated (referring to a risk that has already been mitigated), as was noticed in many missions, including MONUSCO and UNIFIL.

163. Objective monitoring of the mitigation measures remains problematic. In the absence of a well-defined risk tolerance, the level of expected “residual risk” to reach, key performance indicators to measure the progress made and effective due dates are not set. Some of the measures defined are akin to regular internal control and not one-off mitigation actions. For instance, the response plan of the Department of Operational Support mentions mitigation measures for which the due date is “currently”, “continuous process” or “upon request”, reflecting requirements for continuous improvement.

164. Overall, and except for critical risks identified at the corporate level, the implementation of the mitigation measures is not closely monitored. At the Secretariat level, a reinforced mechanism, on the basis of eight working groups composed of experts and high-level managers and supporting the management committee, is in charge of designing, monitoring and reporting on the progress of critical risks mitigation measures. One of those working groups is chaired jointly by the Department of Peace Operations and the Department of Political and Peacebuilding Affairs, and dedicated to peacekeeping and special political missions. Scorecards allow an update of the set-up of mitigating measures twice a year. Those mechanisms solely focus on the Secretariat risk register, created at the corporate level, and are not

conceived as a dynamic exercise fed by field-level risk registers, and related mitigation responses. Therefore, the working group focusing on corporate risks related to peacekeeping operations and special political missions does not serve as an oversight mechanism for enterprise risk management in field missions and, in its current format, would not be adapted to that role. In turn, field entities have more difficulties in regularly reporting on the implementation of mitigation measures, notably owing to a lack of resources dedicated to such monitoring.

165. As a result, the mitigation measures announced do not materialize and the risks identified tend to remain as critical as they were initially, or even to develop, as was seen in many missions. “Risk owners” who are supposed to implement the mitigation measures are sometimes not even conscious of being in charge, owing to a lack of communication by the teams in charge of monitoring the implementation of enterprise risk management.

Way forward

166. Enterprise risk management tools can be very powerful if well integrated into operational management. This is far from being the case in the area of peacekeeping operations, despite the significant progress made in recent years.

167. In practice, the deployment of the enterprise risk management policy has scarcely been able to reach the first level of risk identification in a satisfactory manner. Understanding the underlying reasons for the uneven or ineffective implementation of enterprise risk management in peacekeeping is critical. The main factors include the weakness of dedicated risk management capacities, potential gaps in training and coaching, lack of buy-in by managers who do not see the value added to their decision-making and management practice of what may come across as an additional compliance requirement, as well as the non-integration of risk management in pre-existing management processes, which have multiplied as part of efforts to increase organizational performance management and accountability (see below). While addressing these structural factors, the efforts to properly implement the enterprise risk management tools need to be redoubled to allow a proper mapping, prioritization and mitigation of the most critical risks. This will only be possible if the enterprise risk management governance in the field is strengthened.

168. **The Board recommends that the Administration assign the responsibility of Chief Risk Officer to an existing senior executive in each entity, at the department, missions and service centres levels.**

169. The Chief Risk Officer function should be embedded in the system and assigned to an existing staff member who is part of the entity’s top management – typically a deputy to the Special Representative of the Secretary-General heading the mission, with a close link to strategic planning. Integrating and properly resourcing this risk management function should be a priority. As Chief Risk Officer, they would be responsible for leading a multidisciplinary risk team, using competencies not only from enterprise risk management but also from internal control, budget and planning, results and performance, as well as information technologies. They would be in charge of overseeing the drafting, quality check and implementation of all risk management frameworks. In particular, they should help to disseminate a more interactive approach in risk identification, mixing top-down and bottom-up, as well as internal and external sources of information. Within the United Nations, the experience of the United Nations High Commissioner for Refugees regarding the recent establishment of a Chief Risk Officer function and network may be an example to study.

170. The Administration accepted the recommendation.

171. **The Board also recommends that the Administration review in the coming months, through a process including all stakeholders, the quality of the existing "risk registers" and "risk treatment and response plans".**

172. This review should involve the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Department of Peace Operations, as well as the missions and service centres, and ensure that:

(a) Risk identification guarantees that no major issue is unintentionally left aside;

(b) A proper assessment is made of the criticality of the risks;

(c) Clear priorities are set, given the accepted level of risk tolerance;

(d) Appropriate mitigation measures are designed;

(e) Implementation of these measures and their impact on the level of residual risk are closely monitored.

173. The result of this quality control and the changes it leads to could be presented to the General Assembly.

174. In the medium term, OIOS could also consider reviewing periodically the content and implementation of enterprise risk management documents.

175. The Administration accepted the recommendation.

6. The benefits of a more mature risk management in peacekeeping operations

176. A more mature risk management, better articulated with the wider United Nations accountability system (see sect. 6.1 below), would make a significant contribution to improving the resilience, effectiveness and efficiency of peacekeeping operations (see sect. 6.2).

6.1. Risk management in peacekeeping operations would gain from better articulation with the wider United Nations accountability system

177. Examining administrative and budgetary aspects of the financing of peacekeeping operations, in its resolution 76/274, the General Assembly requested the Secretary-General to continue to strengthen risk management, transparency, and internal controls in the management of peacekeeping budgets, in order to better facilitate mandate implementation and to foster a culture of accountability in the Organization. Risk management in peacekeeping operations would effectively gain from better articulation with the wider United Nations accountability system, be it in the fields of internal control, programme planning and budget or results and performance.

(a) Internal control systems

178. Internal control and risk management are interrelated concepts. Internal control can broadly be defined as a process designed to provide reasonable assurance regarding the achievement of objectives related to operations, reporting and compliance.[28] Under such a broad definition, risk management is usually considered as one of the key components of the internal control system, but the reverse is also true, as the quality of internal control is an element used to assess the criticality of a risk and determine the mitigation measures required.

[28] Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework*, 2013.

179. The United Nations internal control systems cover a vast and diverse scope. As recalled in the most recent report of the Secretary-General on accountability,[29] United Nations internal control systems other than risk management include fields as diverse as regulations, rules and other norms, staff, consultant and contractors' selection systems, statements on internal control, management review and evaluation, evaluation, quality assurance, monitoring the exercise of delegated decision-making authority, the segregation of duties, monitoring performance, oversight coordination, fraud and corruption, conduct and discipline, the ombudsperson, justice systems, as well as management and accountability frameworks and the United Nations development and resident coordinator systems. Work on the perimeter of internal control still needs to be fine-tuned, as the above long list with some cross-referencing shows.

180. A mature risk management could be helpful in better designing the internal control systems, notably in the field of peacekeeping operations. Knowing where the most critical risks are can help target the right internal control checks to address and mitigate those risks and avoid focusing too much on lower priorities of internal control, which could result from a one-size-fits-all approach. This can be particularly true for internal control systems, which aim to tackle fraud and corruption, conduct and discipline, procurement, inventory management, ICT and the exercise of delegated decision-making authority or the segregation of duties processes.

181. The articulation between peacekeeping risk management and other key internal control systems could be streamlined and reinforced. Redundancies and a lack of coordination on the ground would particularly require attention in the case of the "statement on internal control" process. In peacekeeping missions, statement on internal control and enterprise risk management activities are monitored by focal points, which may differ. The two processes, sometimes seen as competing exercises, would both highly benefit from better coordination between the offices in charge within the Department of Management Strategy, Policy and Compliance in order to simplify and streamline the requests made to the missions and avoid unnecessary bureaucracy falling on teams with limited resources. The Department is committed to providing guidance to the entities in order to better integrate these exercises.

182. The calendars of the statement on internal control and enterprise risk management exercises could also be better articulated. At present, the head of mission's internal control assurance statement is sent in the first quarter of each year, whereas the updating of the enterprise risk management "risk register" is decided at the level of each entity without any logical link. Insofar as internal control activities participate in reducing risks, the updating of risk mapping, prioritization and mitigation should take place after the assessment on internal control is conducted and should build fully upon the results of that assessment. The Department of Management Strategy, Policy and Compliance is committed to ensuring that statement on internal control and enterprise risk management exercises will be better coordinated, articulated and synchronized in the near future.

183. The quality and sharing of data fuelling complementary internal control systems must be enhanced. Risk managers in the field of peacekeeping would benefit greatly from data gathered in other internal control frameworks, including the statement on internal control, to which they could be granted access. Information systems used by different accountability frameworks could also be of greater utility if better interconnected. If, for instance, the statement on internal control database of operational internal controls is at times used to map the internal control in the missions' risk registers, a lot more could be achieved.

[29] *Eleventh progress report on accountability: strengthening accountability in the United Nations Secretariat*, Report of the Secretary-General, December 2021 (A/76/644).

(b) Programme planning and budget

184. A mature risk management in peacekeeping operations can be a decisive tool to improve strategic programme planning and budget, as well as resource allocation. Knowing upstream where the most critical risks lie and what measures need to be put in place to mitigate them can help the head of mission target priorities and justify budget requests when discussing the objectives of the mandate and the level of resources needed to properly implement it. However, as it is an ongoing process, risk management has so far seldom been used for this purpose, and the current debates on peacekeeping mandates, programme planning and budget lack the insight of risk management. Backing the enterprise risk management revision cycle on the budget cycle could help to better couple processes between them. This would ensure higher responsiveness in the formulation of financial needs and include risk management in a more integrated and virtuous approach.

185. Bridges between results-based budgeting and risk management could also be developed. Peacekeeping budgets are prepared considering the mandates from the Security Council. In line with the provisions on results-based budgeting,[30] the operational, logistical and financial aspects are supposed to be integrated in the planning phase of peacekeeping operations by linking results-based budgeting to the mandate implementation plans of peacekeeping operations. The results of risk management, which should be an integral part of this work, remain nevertheless largely underexploited.

(c) Results and performance

186. Although complementary, performance and risk management are in practice rarely associated in peacekeeping operations. Enhancing the results and performance of peacekeeping operations is considered a key priority. The Action for Peacekeeping initiative launched in March 2018 considered it critical to improve how peacekeeping missions evaluate their performance and demonstrate their impact on the ground. Risk management could be helpful in identifying and addressing potential structural or incidental causes that affect results and performance. Although highly critical for the achievement of the mandate, these types of risks are however seldom given priority in the enterprise risk management framework.

187. The articulation of the enterprise risk management exercise with dedicated tools on results and performance could be strengthened. The Comprehensive Planning and Performance Assessment System was first launched in MINUSCA in 2018 and then progressively rolled out in all missions. Linking the context of a country with peacekeeping planning, data, results and reporting, the System aims at enabling the leadership of peacekeeping operations to take informed evidence-based decisions to enhance mandate implementation. Nevertheless, it appears that, even in large missions such as MINUSMA or MONUSCO, enterprise risk management and the Comprehensive Planning and Performance Assessment System tend to operate in silos, their complementarity being left to the goodwill of each mission. Knowing the progress that can still be achieved, the General Assembly, in its resolution 76/274, requested the Secretariat to provide by 2023 an execution plan for and analysis of the implementation of the System.

188. A more mature risk management could also contribute to the articulation of personal commitments by senior managers in their compacts with the Secretary-General. Considered a key element of the accountability system as a performance

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[30] See notably the resolutions of the General Assembly on results-based budgeting, January 2001 (55/231), and on administrative and budgetary aspects of the financing of the United Nations peacekeeping operations, June 2007 (61/276).

document for heads of entities, the compacts signed by the Secretary-General and senior managers, including Special Representatives of the Secretary-General, are an opportunity to identify their personal contributions to deliver on their programme objectives, articulate their vision for how they will implement their mandates and establish the parameters by which they will be assessed on their use of financial and human resources, integration of sustainable development practices and implementation of oversight body recommendations. Nevertheless, this high-level exercise has so far made little or no use of risk management.

189. On the whole, the accumulation of parallel and even at times competing accountability exercises in the field of peacekeeping requires particular attention. Adding layer after layer to the system tends to make it more complex and turn useful exercises into window-dressing formalities, including in key areas such as internal control, strategic planning and performance. Poorly coordinated demands fall on teams that are often overburdened and tend to be disconnected from the core decisions of the missions. Streamlining and simplifying the system, as well as better data-sharing, appear to be key prerequisites for a more mature and integrated risk management.

Figure II.VII
Risk management and accountability framework

Source: Board of Auditors.

6.2. More mature risk management can help peacekeeping operations to become more resilient, effective and efficient

190. A more mature risk management can decisively contribute to strengthening peacekeeping operations to increase resilience, effectiveness and efficiency.

(a) Peacekeeping operations’ resilience

191. Improving the resilience of peacekeeping operations is considered of paramount importance. The General Assembly determined, in its resolution 67/254 A, that crisis management, security management, business continuity, ICT disaster recovery, medical emergency response, crisis communication and support to staff, survivors and families are the core elements of the organizational resilience management system. Since 2015, a policy on the organizational resilience management system has

requested each peacekeeping mission to put in place dedicated focal points and apply a systemic approach on emergency management.[31]

192. A more mature risk management can help strengthen the resilience of peacekeeping operations and acting ahead of crises. In its resolution 73/279 B, the General Assembly requested that the Secretariat integrate the organizational resilience management system within the overall risk management framework of the Organization. Since July 2020, the Secretariat-wide enterprise risk management risk register has embraced business continuity, rated as a high risk since April 2021. A positive effect of the COVID-19 pandemic has been that peacekeeping missions have placed greater emphasis on issues related to resilience, including in their risk management dashboards. However, the scope of that awareness remains limited and focused mainly on business continuity, whereas areas such as the resilience of key assets including ICT are seldom covered.

193. Downstream, when a crisis has occurred, a risk-based approach can also be instrumental in re-establishing the conditions for greater resilience as quickly as possible. As mentioned above, this was for instance illustrated in the management of the COVID-19 pandemic.

(b) Peacekeeping operations' effectiveness

194. Risk management can also be a powerful tool to strengthen effectiveness. The effectiveness of peacekeeping operations lies in their ability to fulfil their mandate and to help build long-lasting peace solutions. Risks can of course hit the mission's results by directly affecting the objectives of the mandate, but also by indirectly diverting from them, inducing lower performance, higher costs and wasted time. If, for instance, the risk of cyberattack on a peacekeeping operation has not been properly assessed and mitigated, it is easy to imagine how its materialization could deeply affect the effectiveness of the mission.

195. Upstream, a risk-based approach can help build more robust mandates. A mature risk management system could for instance be used to associate each objective of a mandate with an outline of the potential risks at stake and the measures required to mitigate or overcome them. Even an imperfect move in such direction could prove useful. For example, knowing that an optional component of a peacekeeping operation is likely to prove risky or require disproportionate mitigation measures could help inform the related decision, notably when renewing a mandate.

196. Downstream, reporting on a mission's effectiveness can also be facilitated if proper risk management is in place. A head of mission could easily link the progress achieved with the level of risk at stake, and better objectivize the attributable results. In the event of an incident, their responsibility could also be better assessed by examining whether the risks taken were within a predefined tolerable range.

(c) Peacekeeping operations' efficiency

197. Finally, risk management can be instrumental in improving the Organization's efficiency. Although their global cost has fallen significantly in recent years with the downsizing of missions, peacekeeping operations are still often criticized for their lack of efficiency. Such criticisms need to be put into perspective: a recent report of the United States of America Supreme Audit Institution has for instance estimated that the cost estimate for hypothetical comparable United States peacekeeping operation in the Central African Republic would amount to more than twice the actual

[31] *Progress in the implementation of the organizational resilience management system*, Report of the Secretary-General, December 2018 (A/73/666).

costs of an existing United Nations operation.[32] A mature risk management makes it possible to find paths to fulfil the mandate, which in turn becomes more cost-effective. Mitigating the risks of theft, waste and overstocking in missions, or of underutilization of strategic deployment stocks in the Global Service Centre, would for example have direct impacts on the granular and overall efficiency of peacekeeping operations.

198. From an efficiency point of view, risk management should be seen as an investment. Indeed, the cost of insufficient mitigation can be high when risks effectively materialize. This "avoided cost" could be assessed and used upstream in budgetary arbitrations to foster preventive actions and secure the resources devoted to risk management.

Way forward

199. Many efforts have been made at Headquarters and in the field to put in place and try to develop a stronger management of risks in peacekeeping operations. Yet this remains an ongoing process, and the benefits of reaching a more mature level of risk management remain significant.

200. Reaching this step would suppose better articulation with other key components of the United Nations accountability system, including internal control, strategic programme planning, budget, and performance and results. As part of necessary efforts to reinforce organizational performance and accountability in the Secretariat, management processes have accumulated, along with heightened requirements in the coordination with oversight bodies. The impact on resources of these requirements has not been fully considered. Too often, they have remained siloed processes, producing distinct data sets. When they should in principle facilitate and enhance strategic management and oversight, much of their benefits in terms of effectiveness and efficiency have yet to be realized in peacekeeping. Insufficient coordination and even sometimes redundancies prevent risk management from fully bearing the expected fruits, as explicitly acknowledged in the Secretariat corporate-level risk register.

201. Significant progress in this regard would require an unprecedented effort to streamline and simplify the existing accountability exercises, and to improve data-sharing and information system interconnection. Any structure naturally produces entropy and must regularly review its organization, rules and procedures. This could appear particularly timely, after having developed for more than 10 years the renewed accountability system in the field of peacekeeping. Such a simplification process should involve all stakeholders – Headquarters, service centres and the missions – as well as information technology specialists.

202. Avenues of integration and simplification to be explored in a comprehensive review could include a better integration of the risk management process with: (a) a simplified statement on internal control; (b) the Comprehensive Planning and Performance Assessment System; (c) programme and budget planning and reporting; (d) senior management compacts; and (e) key planning objectives and performance indicators as reported to legislative bodies. Only then could risk management be sustainably and meaningfully practised, with benefits outweighing costs.

203. As these processes are reviewed, integrated and simplified, and as underlined above, the role of the first and second lines of defence in them should also be clearly delineated, distinguishing between strategic management functions mostly held by

[32] United States Government Accountability Office, GAO-18-243, February 2018. The report also showed that while United States peacekeeping operations would have greater military capability, the United Nations would have greater international acceptance.

peacekeeping operations and strategic oversight functions mostly held at Headquarters.

204. **The Board recommends that the Administration conduct a thorough review of all the existing accountability requirements on peacekeeping operations, in order to streamline and reduce the burden on managers ("simplification shock"), as well as to better articulate risk management with key internal control, strategic programming, budgeting and performance frameworks and ensure data sharing and interconnected information systems.**

205. Some of these simplifications, streamlining and better articulation of accountability requirements, including regarding internal control and performance, would certainly need to be considered in a broader context than peacekeeping operations.

206. The return on investment from enhancing risk management and putting it at the core of peacekeeping operations would be tangible, in terms both of resilience, efficiency and effectiveness, provided that risk-based approaches be generalized in a realistic manner. In particular, there is a utility in leveraging risk management both upstream in the development of mandates and downstream in organizational performance reporting and management accountability mechanisms, keeping in mind the sensitive political nature of peacekeeping, which might not always allow for systematic, quantified and explicit reporting on risk factors or tolerances.

207. The Administration accepted the recommendation.

D. Other main findings and recommendations

1. Follow-up on previous recommendations

208. The status of the past 41 recommendations shows 19 implemented, 21 in progress and 1 overtaken by events.

209. In its resolutions 72/8 B, 73/268 B,[33] 74/249 B, 75/242 B and 76/235 B, the General Assembly requested the Secretary-General to ensure the full implementation of the recommendations of the Board of Auditors in a prompt and timely manner.

210. Of the 41 open recommendations made in previous reports that the General Assembly had endorsed, the Administration has implemented 19 recommendations (46 per cent), and 21 recommendations (51 per cent) remain under implementation. The Board assesses one recommendation as overtaken by events. The implementation rate (46 per cent) has decreased since financial year 2020/21 (60 per cent), which reflects notably the fact that some recommendations require several years to be implemented.

211. Among the 10 recommendations issued last year (A/76/5 (Vol. II)), two have been implemented, seven are under implementation and one has been overtaken by events.

212. With regard to the ageing of the 14 pending recommendations, 9 (64 per cent) have been pending for more than three years, 1 (7 per cent) has remained open for three years, and 4 (28 per cent) were made two years ago. The detailed follow-up of the recommendations during the previous six years is shown in annex II.

[33] Apart from the recommendations contained in paras. 144, 149, 151, 266, 273, 280, 385 and 387 of A/73/5 (Vol. II).

2. Budget and finance

2.1. Cross-borrowing loans approval process

213. The cash-pooling mechanism is a recent process to address the peacekeeping missions' liquidity shortage. It needs to be better formalized given the high financial stakes of the missions' cash positions.

214. In paragraph 5 of its resolution 73/307, the General Assembly authorized a cash-pooling mechanism between active peacekeeping operations in order to prevent liquidity crisis on individual peacekeeping operations. This financial mechanism allows a mission facing liquidity issues to obtain a loan from another active peacekeeping operation with a cash surplus. In addition, a borrower can continue to benefit from additional loans without having repaid the capital borrowed in previous years.

215. The mechanism has no impact on financial statements I, II, III, IV or V, as those loans are eliminated as part of the consolidated presentation process. However, they are disclosed in note 23, regarding financial instruments and cash pool, for the 2021/22 financial statements, as well as in annex I.

216. Internal cross-borrowing loans between peacekeeping missions have increased compared with the prior period. Those loans represented $192.5 million as at 30 June 2022, an increase of 133 per cent compared with a total loan amount of $82.5 million as at 30 June 2021. Over fiscal year 2021/22, the authorized individual loans varied from $5 million to $40 million.

217. The authorization of cross-borrowing falls under the responsibility of the Controller, after a formal loan request is sent by the Financial Analytics and Reporting Section within the Department of Management Strategy, Policy and Compliance. The section monitors the daily cash position of each mission, and the request is transmitted either in an email or a note to the Controller or to his deputy.

218. A review of approval documents has revealed that information contained in those emails or notes varies greatly. At times, scarce information is disclosed, with only the proposed loan amount and the cash balance of the borrower. This was notably the case for loan requests by UNMIK and MINURSO in 2021/22. The Administration advised that those two Missions had recurring requests, with relatively stable operations, and their situation was therefore well known by senior management. In other situations, however, the information was summarized in a specific note with much more comprehensive data, including cash balances, projected cash disbursements, cash loan requirements, outstanding loan amounts and Umoja cash balance extracts from both borrower and loaner.

219. In the context of the presentation of the new cross-borrowing mechanism by the Administration in 2019, the Advisory Committee on Administrative and Budgetary Questions had already pointed out that there was still a lack of clarity in terms of the modalities for such a mechanism, including the determination of criteria for choosing specific lending or borrowing missions and whether one mission could borrow from more than one active mission on a prorated basis at the same time.[34] In order to ensure a proper oversight and efficient controls on a critical mechanism as requested by the General Assembly, the loan approving process in place needs to be clearly defined.

220. Furthermore, it appears that the heads of the lending and borrowing missions are not included, at least for information, in the decision-making chain.

[34] See A/73/891, para. 30.

221. The Board considers that the cross-borrowing loan procedure is not formalized enough and does not always provide sufficient explanation or financial data to form a basis for the approval decision, especially given the large amounts at stake.

222. **The Board recommends that the Administration issue a standard operating procedure for cross-borrowing starting with the cash shortfall identification and ending with the loan movement in Umoja. This standard operating procedure shall also include a template note with all relevant information for the approval. Finally, the standard operating procedure should provide that the heads of missions affected are informed.**

223. The Administration accepted the recommendation to reinforce the documentation of the process and expects that the necessary adjustment will be completed soon. It indicated that the Financial Analytics and Reporting Section team thoroughly reviews the proposed loan requirement and performs a financial analysis on both lender and borrower missions, prior to the submission of loan request to the Controller for approval. They further explained that the documentation process had been under way in accordance with General Assembly resolution 76/272. They also agreed to add, as part of the process, notifications to the heads of mission on the issuance and repayment of loans but recalled that the delegated authority for the management of liquidity and loans approval remains at Headquarters in recognition of the importance that the heads of mission be able to perform their functions unhindered in an already highly charged mission environment.

2.2. Peacekeeping cost-recovery fund

224. In accordance with rule 105.11 of the Financial Regulations and Rules, United Nations entities can provide services to other entities on a reimbursable basis. In this regard, peacekeeping missions provide goods and services on a reimbursable basis to other United Nations agencies or non-United Nations entities, such as non-governmental organizations, on a service on demand basis, as long as it is considered to be conducive to their mandate delivery. Upon review, the Board has noted the below deficiencies.

Large surplus accumulated over time

225. In accordance with the cost recovery policy and guidelines, an entity supplying a service should fully recover all costs that are properly associated with providing that service. The aim is to make neither profit nor loss. Services providers will recover the costs with a certain percentage of management fees.

226. As at 30 June 2022, in the statement of financial position, the total asset of cost recovery amounted to $140.6 million (including $102.5 million in cash or investments) and the liabilities to $25.7 million. Thus, the accumulated surplus over time is $115.0 million.

227. Furthermore, according to the tables and figures provided in annex I to the financial statements (statement of financial performance), the total cost recovery revenue amounted to $140.5 million, while total operating expenses amounted to $108.0 million in the financial year 2021/22. Hence, the annual surplus is $32.5 million.

228. The purpose of keeping such a high level of accumulated surplus ($115.0 million) needs to be further explained. As incomes exceed operating expenses, the need for a working capital of more than one year of operating expenses is questionable, and most of the accumulated surplus can be seen as dormant. Controlling its level is an important management issue. Moreover, generating an annual surplus when the objective is not to make profits needs to be clarified.

229. The Administration explains that the cost recovery policy and guidelines state:

(a) The overall fund balance should not exceed 1 year of operating expenses;

(b) The difference between income and expenditure per year should not vary more than +/-10 per cent of the costs incurred;

(c) Overrecovery is only permitted to the extent that the service provider fund balance does not exceed one year of operating costs.

230. The Administration adds that cost-recovery funds use the fund balance as working capital for operations. The cost-recovery funds cannot borrow from other funds and must maintain enough liquidity to manage operations, as well as provide a reserve for staffing liabilities. The unencumbered balance mentioned is not significantly greater than expenditure over the past three years.

231. The Board is concerned that the Administration does not intend to reduce the $115 million unencumbered balance and observes that the Administration has taken liberties with the policy and guidelines in two respects:

(a) As at 30 June 2022, the fund balance exceeded by $7 million the annual operating expenses;[35]

(b) The year-end balance between income revenue exceeded expenses by 30 per cent in the financial year 2021/22.

232. The Board also notes that the nature of cost recovery issue is very similar to volume I, where recommendations on this matter have already been made.

Billing of cost recovery not conducted in advance for services to be rendered

233. According to the cost recovery policy and guidelines, service providers must ensure the timely billing of their cost recoveries so that their cash requirements can be met, and should bill internal and external clients in advance for services to be rendered.

234. The Board noted in six missions (MINUSCA, UNSOS, UNISFA, MINURSO, UNDOF and UNMISS) that billing for the services had not been conducted in advance. For instance, MINUSCA had not billed clients in advance for services to be rendered in the financial year under review. The accounts receivable amounting to $3,882,968 in the financial year 2021/22 is another indicator thereof. UNSOS had continued to provide space management, medical care and other services on a reimbursement basis to a company that had an outstanding payable balance of $70,911 accrued over more than two years as at 30 June 2021, when grew to $412,372 by 30 June 2022; the total accounts receivable of cost recovery in UNSOS amounted to $3,444,670 as at the end of financial year 2021/22.

235. The Administration explained that factors including weak finance infrastructures of the service recipients, lack of clauses regarding the advance payments and collection processes had resulted in billing not being made in advance. UNSOS further explained that it had vigorously followed up with the outstanding receivables but had failed to collect the costs and had put them on hold in order to offset the outstanding receivable balances against the current invoices from the account of the concerned company or to suspend services.

236. The Board would also like to point out that, despite late payments, the accumulated surplus mentioned above is high.

[35] The accumulated surplus of $115.0 million, minus the total operating expenses of $108.0 million.

2.3. Funding mechanisms of ONUC and UNEF operations booked in the financial statements

237. A liability of $59.1 million regarding two missions, UNEF and ONUC, dating back to the 1960s, has remained booked in volume II as a carried-forward for more than 50 years. Historical disclosures in the notes to the financial statements are needed to further clarify the situation.

238. As at 30 June 2022, $47.4 million of borrowings and $11.7 million of other liabilities are booked in volume II regarding two completed missions: UNEF (from 1956 to 1967); and ONUC (from 1960 to 1964). Those accounts are related to funding mechanisms that were issued in the 1960s by the Secretariat to prevent cash shortages of these two peacekeeping operations.

239. The first funding mechanism was a bond fund issued by the Secretariat, using the framework of United Nations bonds approved by the General Assembly at its sixteenth session, in resolution 1739 (XVI) at its 1086th plenary meeting, on 20 December 1961. As at 30 June 2022, the UNEF bond fund was booked for $37.3 million within volume II liabilities and the ONUC bond fund for $10.1 million.

240. In addition, UNEF also benefited from a second funding mechanism, a special assessment account approved by the General Assembly at its twentieth session, in a decision at its 1407th plenary meeting, on 20 December 1965. As at 30 June 2022, this UNEF account still represented $10.4 million within volume II liabilities.

241. Finally, volume II liabilities also comprise transfers from the tax equalization fund to both ONUC ($0.9 million) and UNEF ($0.5 million), representing member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States of America share). The Administration has indicated that the transfer from the tax equalization fund to ONUC occurred in 1969.

242. The corresponding financial amounts are recorded in the asset section of volume I.

243. During a review of the deferred charges as at 30 June 2022 in volume II other assets, it appears that $2.8 million posted on 31 October 2015 in Umoja was linked to both UNEF and ONUC funds and shall represent, according to the information collected from the Administration, an excess of authorized expenditure over assessments and applied contributions carried forward from the time UNEF and ONUC were drawn down.

244. Both ONUC and UNEF operations have been completed for more than 50 years. The total amount of $59.1 million in liabilities regarding ONUC and UNEF have been booked in volume II as carried-forward amounts, at least for the past decade. The liabilities booked in volume II regarding the UNEF and ONUC bond fund have remained as open items in Umoja since 2015 and 2016. More specifically, on borrowings, the $47.4 million amount was posted in Umoja on 31 October 2015 as a carried-forward balance from Umoja's predecessor, the Integrated Management Information System.

245. The Administration has updated note 27 to the financial statements and provided additional information on the $47.4 million liability, but $11.7 million remains to be addressed in the notes to the financial statements. Moreover, additional supporting documentation needs to be provided regarding all changes in amounts during the period.

246. **The Board recommends the Administration provide additional disclosure in the notes to the volume II financial statements to outline the reasons the historic balances regarding ONUC and UNEF are still being reported more than 50 years after their completion.**

247. The Administration accepted the recommendation and indicated that the amounts still booked within volume II financial statements as of 30 June 2022 are a consequence of outstanding contributions from Member States. Consequently, this resulted in outstanding loans to the bond and special account funds and a full provision for doubtful debts against the receivables from the Member States for ONUC and UNEF. However, the Administration also states that the liabilities cannot be repaid as the funds for ONUC and UNEF do not have sufficient cash balances. Furthermore, any write-off regarding these funding mechanisms would require a consent of Member States.

2.4. Disclosures supporting the comparison between budget amounts and actual amounts arising from the execution of budget in the financial statements

248. Areas of improvement appeared in the clarity of the supporting information provided to the users of the financial statements, to enable them to identify whether resources had been obtained and used in accordance with budgetary decisions.

249. The reconciliation between budget and financial statements is the purpose of statement V of the financial statements, supported by notes 6 and 7. According to IPSAS 24: Presentation of budget information in financial statements, statement V must display the budget amounts, the actual amounts on a comparable basis, and by way of disclosures notes, explanations of material differences between the budget and actual amounts.

250. The review did not reveal differences in figures in the course of the audit.

251. However, the explanations on the transposition of revenues and expenses from an accrual IPSAS basis to a budget cash basis, as detailed in note 7, needed to be enhanced. While IPSAS emphasizes the provision of explanations for “basis differences” and “time differences”, the transposition table in note 7, and its narrative, also included “presentation differences”, the definition of which needed to be more detailed, in order to help the user to link the figures displayed in statements I and II with those in statement V.

252. For example, voluntary contributions are accounted for as $338.3 million in the revenues in statement II, reduced to $25.2 million in statement V, and $24.7 million under note 23: Revenue from non-exchange transactions and other revenues. Another example is the pro-rating costs figures, where there was no direct explanation of treatments on amounts between budgets of missions and support activities accounts in statement V.

253. In all cases, appropriate clarifications were given during the audit, and additional note disclosures were included in the financial statements, which were welcomed. Indeed, the Board considers that the ability of the Member States to rely on statement V, in order to measure the compliance of the financial statements with the approved budgets, requires appropriate disclosures in the notes supporting the description of the process of reconciliation between budget and actual amounts.

2.5. Fuel valuation in the financial statements

254. The current supplemental instructions on inventory valuations allowed for inconsistent applications by peacekeeping missions of IPSAS 12: Inventories.

255. The fuel necessary to peacekeeping operations is recorded as a strategic reserve in the financial statements. As at 30 June 2022, those inventories amounted to $32.7 million, a decrease of 19 per cent over the period ($8.0 million). It includes both strategic mission reserves and local mission reserves, which are purchased from vendors with whom the Administration has entered into “turnkey contracts”. In most cases, the co-contractors are responsible for storage and replenishment according to

specific delivery schedules for different missions and locations. This organization implies specific prices and related average costs for different locations.

256. In addition, since fuel is tracked in the electronic fuel management system, Umoja does not provide a moving average price. Therefore, missions calculate the periodic weighted average price at the end of the fiscal year in accordance with the inventory instructions related to valuation methodology (see appendix B of the closing instructions).

257. Thus, at the end of the fiscal year, in order to prepare the financial statements according to IPSAS, the Field Operations Finance Division issues specific instructions related to inventories in the supplemental instructions on property, plant and equipment and inventory (volume II). These instructions define the valuation method and specify in particular the actions required, such as the calculation of the periodic weighted average price corresponding to the definition of "cost" in accordance with IPSAS 12.

258. The above-mentioned instruction introduced a new requirement for the financial year 2021/22, in case of no recent purchases of fuel by missions. Missions are required to re-evaluate the periodic weighted average price by a current replacement cost, on the basis of a review of market prices. In this regard, two missions, UNIFIL and UNMISS, were requested to re-evaluate their fuel reserves at the market price as there had been no refuelling during the audited period. That treatment led to an increase of 45.7 per cent ($706,190) for UNIFIL and a decrease of 2.5 per cent ($412,521) for UNMISS compared with the previous closing. The Administration explained that the treatment was applied when there was no reliable measurement established by the mission regarding the periodic weighted average price per fuel category, reserve category and location as at the closing date.

259. The Board acknowledges this alternative treatment in case of there being no reliable measurement available. However, this situation highlights, in these peacekeeping missions, a deficiency in the application of the fuel valuation process required to record the inventories in the financial statements.

260. The Board considers that closing instructions related to fuel strategic reserves are insufficiently precise. IPSAS 12 standards, which provide guidance on the measurement of inventories, state that inventories shall be measured at the lower of either the cost or the current replacement cost where they are held for distribution at no charge or for a nominal charge. Thus, in order to comply with that standard, field missions should systematically perform a comparison between the periodic weighted average price methodology and the current replacement cost to be able to apply the relevant inventories valuation for the financial statements.

261. In addition to compliance with IPSAS, the Board also draws the attention of the Administration to the fact that valuation practices of inventories may have a potential impact on surpluses and assets, although in the present case, this impact does not seem material.

262. **The Board recommends the Administration revise the supplemental instruction regarding inventory in order to make it fully compliant with IPSAS 12, especially on the valuation methodology, and ensure that it is implemented in all missions.**

263. The Administration accepted the recommendation and will further strengthen the application of the periodic weighted average price valuation methodology. The Administration concurred in principle with the recommendation to measure the fuel reserves at the lower of either the periodic weighted average price or the current replacement cost. However, it assessed that the treatment of reviewing the market prices of fuel across all entities to ensure harmonious treatment across the volume

would provide little or no benefit to entities that are carrying weighted average prices on the basis of regular replenishments.

264. The Board nevertheless did not find any evidence of such a cost-benefit assessment.

2.6. Employee benefit liabilities

265. The employee benefits liabilities valuation process can be strengthened by introducing a policy document, beyond the existing exchanges between the actuary and the Administration, to ensure the traceability of this complex multistage process. Furthermore, room for improvement has been identified in the disclosures in the financial statements notes in reference to IPSAS 39: Employee benefits.

266. Volume II non-current employee benefits liabilities[36] amounted to $1,544.3 million as at 30 June 2022, having decreased by $550.1 million compared with the previous year ($2,094.4 million). Current employee benefits liabilities[37] amounted to $30.9 million as at 30 June 2022, having increased by $6.4 million ($24.6 million in the financial year 2020/21).

267. As recommended by IPSAS 39: Employee benefits, the estimation of the valuation of employee benefits liabilities is carried out by an independent professional actuary firm under a contract that also covers other United Nations entities.

Improvement in the supporting documentation for the valuation of employee benefits process

(a) Employee benefit valuation process insufficiently formalized

268. The Board notes the lack of a policy document pertaining to the actuarial valuation process. Such a policy document would gather the necessary information related to the process, such as: (a) the main steps of the valuation process by internal and external stakeholders; (b) the definition of the actuarial assumptions; (c) the distinction between key and non-key economic and demographic assumptions; (d) the principle underlying the update frequencies of assumptions; (e) the scope of sensitivity of actuarial assumptions analysis to be performed; and (f) the associated key controls on the data used in the actuarial valuation as at the measurement date (e.g. the controls performed on the census data, medical claims and payments, and medical costs).

269. Although a global policy has not been formalized, the Administration stressed that it has a formal process in place for the actuarial valuation. For instance, a detailed approved calendar listing each step of the valuation process is available prior to the start of each actuarial valuation. It also indicated that all actuarial assumptions are outlined in a formal assumptions letter prepared in consultation with the actuary.

270. The Board considers that this existing documentation, which corresponds to the usual formal exchange between the Administration and the actuary, is insufficient to ensure the traceability of the entire valuation process and the related key controls.

271. In addition, the Administration uses a checklist and a list of the controls on staff census data to be carried out either by the Administration itself or the actuary once the basis of the census data has been established. However, the Board considers that these controls should be embedded in a general formal document setting out the organization of the process, as mentioned above.

[36] Liabilities of more than a year.
[37] Liabilities of less than a year.

272. Furthermore, as the actuarial valuation of employee liabilities arising from post-employment benefits is undertaken every odd-numbered year, the Administration applies a roll-forward methodology. The census data used in the valuation is carried forward for the even-numbered years. The Administration does not maintain appropriate documentation to support this methodology, especially regarding the limit related to the change in census data between the valuation date. The threshold of a 10 per cent change in the number of eligible staff members is used as a refence to determine whether or not a new valuation shall be performed to include the impact of variations in the census data.

273. Given the significant amount of post-employment benefits in the accounts and the complexity of the valuation, a formalized process is required to ensure the quality of the data used and to provide an audit trail to assess the effectiveness of the controls. This policy document should also describe and justify the significant decisions and assumptions considered in the employee benefits valuation.

274. **The Board recommends that the Administration formalize a policy document for the actuarial valuation of employee benefits that gives an overview of the process and related internal controls. In particular, the policy should describe and document the significant decisions and assumptions to be included in the employee benefits valuation.**

275. The Administration accepted the recommendation in principle and agreed to summarize its approach to actuarial valuation in a policy document, although it claims that a formal process already exists. However, the Administration has stated that, owing to limited resources available, it would be unreasonable to expect it to formalize each management decision made during a valuation exercise in a policy document. Moreover, the Administration underlined that it had to be able to rely on the collective professional experience of the United Nations system group and IPSAS requirements in many of their decisions on financial reporting, as it is the best practice for any reporting entity operating under IPSAS, which are concept-based standards.

(b) Use of the roll-forward rule for non-economic and partly economic assumptions without appropriate supporting documentation

276. As the actuarial valuation of employee liabilities arising from post-employment benefits is undertaken every odd-numbered year, the most recent full actuarial valuation was conducted as at 31 December 2021, on the basis of the census data as at 31 October 2021. The balances as at 30 June 2022 represent a roll-forward of the December 2021 actuarial valuation results.

277. Those liabilities are adjusted by the updated values of the discount rates, the long-term medical inflation rates and the inflation rate as at 30 June 2022 (financial assumptions).

278. Paragraphs 2 and 3 of part B of annex B to the actuarial contract state that the economic assumptions should be reviewed to determine if those used for the previous December’s valuation remain valid and, if there are changes to those assumptions, the valuation must be updated for volume II accounts.

279. The Board found that the following economic assumptions had not been updated as at 30 June 2022: (a) per capita claims, including Administration expenses; (b) the age-related increase in claims; (c) the Medicare part B and Medicare part D drug subsidy; and (d) beneficiary contributions. The Administration explained that per capita claims and the age-related increase in claims had not been updated since 2019 owing to the abnormal behaviour of those trends during the COVID-19 pandemic.

280. Demographic assumptions were reviewed as at 31 December 2021. The Organization uses demographic assumptions prepared by the United Nations Joint

Staff Pension Fund to ensure better comparability of the valuation results with other United Nations system entities, and the Pension Fund's assumptions have remained static since the previous full valuation. Thus, these demographic assumptions had not been adjusted at the measurement date.

281. The Administration stated that all actuarial assumptions had been reviewed as at 31 December 2021, which was the date of the most recent full actuarial valuation. Assumptions not changed as at 31 December were not updated for valid reasons, such as an assumption rate remaining static from the previous years (e.g., salary increase rate, age at retirement, etc.) or the abnormal behaviour of trends during the COVID-19 pandemic (e.g., per capita claims and the age-related increase in claims).

282. No additional documentation was provided that discussed the consideration process used for each assumption outlined in the actuarial assumptions letter. Given the significant impact that a change in actuarial assumptions could have, even for six months, as shown in table II.4 below ($506.7 million), the Board holds that there is a need to formalize the review of the actuarial assumptions performed by the actuary for relevancy and to maintain an appropriate audit trail, such as the cost-benefit analysis, or, as appropriate, the statistical tests or other relevant evidence.

Table II.4
Movement in employee benefits liabilities accounted for as defined-benefits plan
(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Accumulated annual leave*	*Total*
Defined-benefit obligations as at 1 January 2022 = defined-benefit obligations as at 31 December 2021	1 611 672	242 581	126 953	1 981 206
Service cost	34 586	7 419	4 671	46 676
Interest on defined-benefit obligations	28 200	3 019	1 658	32 877
Benefits paid (net of participant contribution)	-9 720	-13 519	-6 419	-29 658
Estimated closing defined-benefit obligations	1 664 738	239 500	126 863	2 031 101
Actuarial (gains)/losses	-455 757	-32 947	-17 963	-506 667
Due to changes in financial assumptions[a]	-455 757	-32 947	-17 963	-506 667
Due to changes in demographic assumptions	–	–	–	–
Due to experiment adjustments	–	–	–	–
Defined-benefit obligations at 30 June 2022	**1 208 981**	**206 553**	**108 900**	**1 524 434**

Source: Pages 8 and 9 of the actuarial report, September 2022.
[a] Due to updated rates of discount rates, long-term medical inflation rates and inflation as at 30 June 2022.

283. The Administration and the actuary stressed that paragraph 60 of IPSAS 39: Employee benefits does not require a full valuation each year but to determine the net defined-benefit liability (asset) with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the end of the period report. To that end, it advised that, after reviewing the assumptions with the actuary, three key assumptions had been identified as requiring updating, i.e. having a significant impact on the valuation.

284. The Board considers nevertheless that the notion of key assumptions needs to be clearly defined by the Administration. The Board also notes that the Administration plans to perform a full review of all assumptions for the next full actuarial valuation (as at 31 December 2023).

285. **The Board recommends that the Administration systematically document the review and the update of volume II employee benefits actuarial assumptions, providing appropriate evidence as necessary, to ensure their reasonableness before using them in the valuation.**

286. This choice should be formalized in an appropriate document.

287. The Administration partially accepted the recommendation. Stating that the necessary reviews were already performed, the Administration however agreed to better document them, in addition to the existing formal actuarial assumptions letter, where applicable, as a general document prepared within the framework of the annual financial reporting.

Areas of improvement in the financial statements disclosures, in accordance with IPSAS 39

(a) Partial disclosure of mandatory information in the financial statements and insufficient documentation for the non-disclosed assumptions

288. For the defined-benefit plans, the Administration did not disclose the following information in the financial statements, despite the fact that it is mandatory as per the provisions of paragraphs 141 to 149 of IPSAS 39:

(a) A description of the risks to which the defined-benefit plans expose the Administration (para. 141.b);

(b) The expected contributions to the defined-benefit plans for the next reporting period 2022/23 (para. 149.b);

(c) The plans' durations or maturity profiles for repatriation benefits and accumulated annual leave plans (para. 149.c).

289. The following seven actuarial assumptions have been disclosed in the notes: the discount rate; the medical inflation rate; the salary increases; the mortality rates; the per capita claims; travel cost; and annual leave balance increase.

290. The Administration stated that the significant assumptions used in the actuarial valuation of the Organization's after-service health insurance liability as at 30 June 2022 were the following: (a) discount rates (disclosed); (b) medical cost trend rates (disclosed); (c) mortality rates (disclosed); and (d) per capita claims cost (disclosed).

291. In accordance with paragraph 146 of IPSAS 39, the Administration shall disclose all the significant actuarial assumptions used to determine the present value of the defined-benefit obligations at the measurement date.

292. In that respect, the Administration did not provide any evidence supporting the claim that the remaining actuarial assumptions are not significant or have no material effect on the defined-benefit after-service health insurance liabilities, repatriation benefits and accumulated annual leave.

293. **The Board recommends that the Administration complete further the information disclosed in the notes to the financial statements, as prescribed in paragraphs 141 to 149 of IPSAS 39: Employee benefits.**

294. The Administration partially accepted the recommendation. It revised the note disclosure on employee benefits in volume II, especially with a description of the after-service health insurance risks and a breakdown of actuarial gains and losses arising from each type of assumptions, as well as comments on contributions and maturity profiles for after-service health insurance. Moreover, the Administration supplemented the existing disclosure on mortality rates in the financial statements and believed that this covers all requirements of IPSAS 39 regarding the disclosure of significant assumptions.

295. The Board notes that, further to its preliminary observations, the Administration has completed the disclosure of the breakdown of actuarial gains and losses by actuarial assumptions and experience adjustment, in addition to the after-service health insurance maturity profile in the notes to the financial statements 2021/22. However, additional information needs to be disclosed (see, for instance, para. 288 (b) and (c)).

(b) Sensitivity analysis not performed for benefits and significant actuarial assumptions already disclosed in the notes to the financial statements

296. The defined-benefit plan information to be disclosed in the notes to the financial statements should, under IPSAS 39 (paras. 146 and 147), include a sensitivity analysis for each significant actuarial assumption and for all benefits at the end of the reporting period.

297. The sensitivity analysis of actuarial assumptions in note 18 of the financial statements as at 30 June 2022 related to the defined-benefit plans is limited to those four assumptions (discount rate, medical inflation rate, life expectancy and medical claims costs). Moreover, except for the discount rate, the analyses are presented in the notes to the financial statements only for the after-service medical plan. Regarding the two other plans, no sensitivity analysis results are disclosed relating to salary increases, annual leave balances, mortality rates, inflation or travel costs.

298. **The Board recommends that the Administration further disclose, in the notes to the financial statements, the results of the sensitivity analyses for benefits plans for each significant actuarial assumption.**

299. The Administration partially accepted the recommendation. It added some disclosures, such as the sensitivity analysis for per capita claims costs and mortality rates, and considered that these address all sensitivity disclosure requirements established by IPSAS 39. The Administration also agreed to outline its approach to reporting sensitivity analysis in its financial statements in a policy document, as recommended above.

300. The Board acknowledges that, further to its preliminary findings, the Administration amended the final version of the financial statements during the clearance process, by disclosing the sensitivity analysis for two other assumptions for the after-service health insurance plan (per-capita claims costs and change in life expectancy). However, additional information still needs to be disclosed (see for instance paragraph 297).

301. The Administration emphasizes that actuarial valuations can easily be subject to a limitless number of improvements owing to the many variables used in the process and which are subject to professional judgment. These include demographic and economic assumptions, precision and frequency of census data preparation, applicability of disclosure requirements, and so on. The Administration further explains that each additional level of precision or other potential improvement in calculating and reporting an estimated future liability, which is reviewed/recalculated every year, comes at a cost to the Organization and, subsequently, to the Member States. It therefore should be reviewed in the context of the overall financial reporting by the organization. IPSAS specifically states that a reporting entity needs to attain a balance between the cost and benefit of reporting financial information to users of its financial statements. The Administration believes that such a balance was attained in the area of actuarial valuations for the purpose of volume II financial statements reporting as at 30 June 2022.

302. The Board is aware of the efforts expected from the Administration to improve the compliance and relevance of the amounts and disclosures in the financial statements, and of their related costs. Nevertheless, the impact of the valuation of employee benefits liabilities is significant both with respect to the amount of the net

asset (non-current employee benefits liabilities of $1.5 billion as at 30 June 2022) and the potential financial commitments expected from Member States, which should have all the necessary and useful supporting information on this important item in the financial statements, as users.

2.7. Access rights to Umoja

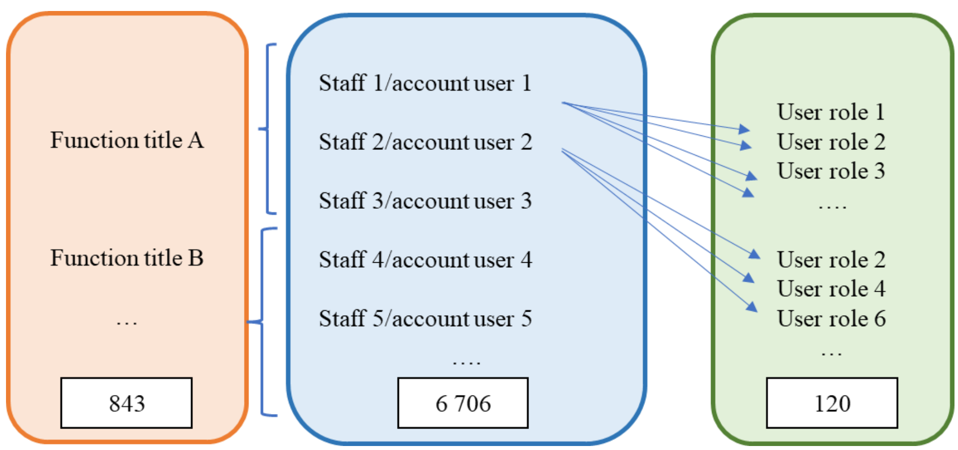
303. Weaknesses appear in the management of user rights to Umoja in volume II that could compromise the integrity of critical data, such as ensuring that each staff member has the appropriate access rights and that no user has illegitimate access.

User access provisioning and deprovisioning processes

304. The Umoja user access provisioning procedure states that the provisioning of Umoja "user roles" is based on a discussion between the staff member and their supervisor. The Security Liaison Officer, in collaboration with the staff member and supervisor/section chief, then determines in the information technology system the appropriate "user roles" the staff member needs to perform their duties. These "user roles" are then granted by a functional approver.[38] This process relies on the supervisor's and the Security Liaison Officer's experience and knowledge of roles instead of strictly the staff member's functional job title, which leads to a wide range of user rights.

305. As a result, regarding the Financial and Human Resources process in Umoja, there are 120 different roles for 843 different function titles (i.e. "job title" in Umoja) for the 6,706 user accounts created or modified during the financial year 2021/22. This includes several critical roles that are shared between different functional titles. For example, the role FM.07, "FM Earmarked Funds Document Certifier",[39] is assigned to 66 functional titles. Many functions utilize the same roles, and three users were found with 39, 23 or 20 "user roles".[40]

Figure II.VIII
Relationships between function titles, user accounts and user roles



Source: Board of Auditors.

[38] If the "user role" is a "global enterprise role", the approval of Headquarters functional approvers is required.

[39] This role allows for:
(a) The approval of earmarked funds documents, funds pre-commitment, funds reservations, and funds blocks and associated value adjustments;
(b) The liquidation of the above-mentioned documents when remaining balances are no longer required or in accordance with the Financial Regulations and Rules.

[40] Sometimes, the same "user role" also applies to different entities.

306. In this context, ensuring that each staff member has the appropriate rights appears particularly challenging when it comes to internal position changes. When a staff member is assigned to a new position or obtains new functions, the user rights need to be updated accordingly. The supervisor or chief of section should ensure that the staff member is deprovisioned from all their roles when they are no longer working in their section.[41] However, no effective imbedded controls in that respect were identified, and no formal process is implemented to ensure that the users moving from one entity to another are deprovisioned of their previous roles. In the end, the provisioning and deprovisioning of user access depends on the Security Liaison Officer.

307. During the financial year 2021/22, within the Department of Management Strategy, Policy and Compliance, 276 user accounts were modified without a formalized deprovisioning review.

User access review process

308. Several user access reviews are organized. A bimonthly report reviews the inactive user accounts. A continuous monitoring on user accesses and a regular review of roles requiring the delegation of authority are conducted. Furthermore, a quarterly user access review is performed by the Security Liaison Officer, on the basis of the automatic separation of duties matrix report from Umoja. The Security Liaison Officer, in collaboration with the supervisor/section Chief (or proxy), reviews only the segregation of duties conflicts.

309. However, no exhaustive qualitative user access review is performed. Verification of the consistency between the staff list and their functions against the "user roles" extracted from the system and the application of the least privilege principle,[42] as a good practice, is not carried out. The main risk is that users might have illegitimate access to Umoja, which would compromise the integrity of critical data (modification or deletion).

310. While the current access review process identifies conflicts in the segregation of duties, users with unnecessary role privileges are not checked. The Board considers that qualitative reviews of user access (user accounts and roles) should be completed at least once a year. The Board is of the opinion that there is also a risk that staff members might misuse their old rights that have not been removed when they change positions.

311. **The Board recommends that the Administration conduct at least annually a qualitative review of all Umoja user accounts and roles granted in the Department of Management Strategy, Policy and Compliance. This review should include making the necessary modifications and deprovisioning user accounts to avoid having any active accounts with legacy privileges.**

312. The Administration accepted the recommendation.

3. Supply chain management

3.1. Demand and source planning

313. The Administration is currently implementing a new digital tool to plan its end-to-end supply chain process. However, the quality of data entered in the system remains a key question, no matter how sophisticated the new software is, and needs to be better addressed. Furthermore, to evaluate and improve the efficiency of this planning process, appropriate performance indicators need to be defined and monitored. Some management schemes, such as large year-end purchases or

[41] As mentioned on the United Nations intranet, iSeek, on the webpage "need a role". See https://iseek.un.org/departmental_page/addmodifydelete-user.

[42] The principle of least privilege is an information security concept that maintains that a user or entity should only have access to the specific data, resources and applications needed to complete a required task and not more.

overstocking in peacekeeping missions, illustrate that there is still room for improvement in demand and source planning.

314. Demand and source planning are essential to the efficient functioning of the whole supply chain. It involves anticipating the demand for goods and services and how it has to be sourced, acquired and delivered in a timely manner and at the lowest possible cost. If fully established and properly implemented, the procurement planning process can bring many benefits, including an accurate indication of the requirements of each entity, a more effective Secretariat-wide inventory management, a reduction in excess procurement and overstocking, a precise aggregation of requirements to achieve economies of scale, and streamlined procurement actions.

315. The Secretariat took important steps to ensure the quality of demand and source planning. The introduction of the supply chain management process in 2015 made it possible to develop an end-to-end supply chain, including planning. Starting from 2018/19, the Secretariat has also developed a web-based planning tool enabling peacekeeping entities to submit demand plans to Headquarters.

316. However, in a recent report on the internal audit of demand and source planning for peace operations (A/76/595), the Office of Internal Oversight Services concluded that many of the objectives of this scheme had not yet been reached, mostly owing to inaccurate data in demand and source plans. Based on audit work covering the 2018/20 period,[43] OIOS found that inaccurate inventory records, insufficient granularity of the demand plans, poor management of the "product identification numbers" and insufficient staff training in data entry could still result at times in overstocking and high year-end purchases.

317. Some issues, albeit of lesser significance in accordance with the Board, have been resolved, such as the identification of the training needs of users responsible for determining and entering data related to demand requirements. This training needs to be maintained over time, given the high turnover of staff in the field.

318. Demand planning in the new system is promising, but improvements are still needed. Whereas the previous system, "DAP", basically consisted of an improved Excel spreadsheet with no embedded controls, the new supply chain planning tool implemented under Umoja extension 2 provides a framework in which data is automatically generated from past consumption, at very precise granularity, and where purchase orders automatically interrogate stock level and other relevant information to establish the gross and net demands. However, the benefits of the supply chain planning tool will only materialize gradually. Granularity has been enhanced: while the previous planning tool handled 28,000 lines of products, that number has more than doubled to around 65,000 lines in Umoja extension 2. However, the overall quality of the data still requires significant improvement, and other important issues remain, such as the need for adequate quantitative and qualitative analyses of the defined methodology in the supply chain performance management framework methodology to calculate the accuracy of mission demand plans, as well as the analysis of the variances at the end of the planned period to identify possible improvements. Even if some progress can be noted, improvements are still expected, in line with the main recommendations of OIOS for 2021.

319. A large part of the difficulties in the demand planning procedure derives from the poor quality of the data in peacekeeping operations. For instance, the minutes of the UNFICYP integrated business planning meeting of July 2022 show unreliable data on rations. As long as this problem persists, the Organization will not be in a position to fully benefit from the new planning tools. As a consequence of the delegation of authority principle, the Office of Supply Chain Management considers that field

[43] Office of Internal Oversight Services reports Nos. 2020/059, 2021/007, 2021/010, 2021/036, 2021/028, 2021/024 and 2020/061.

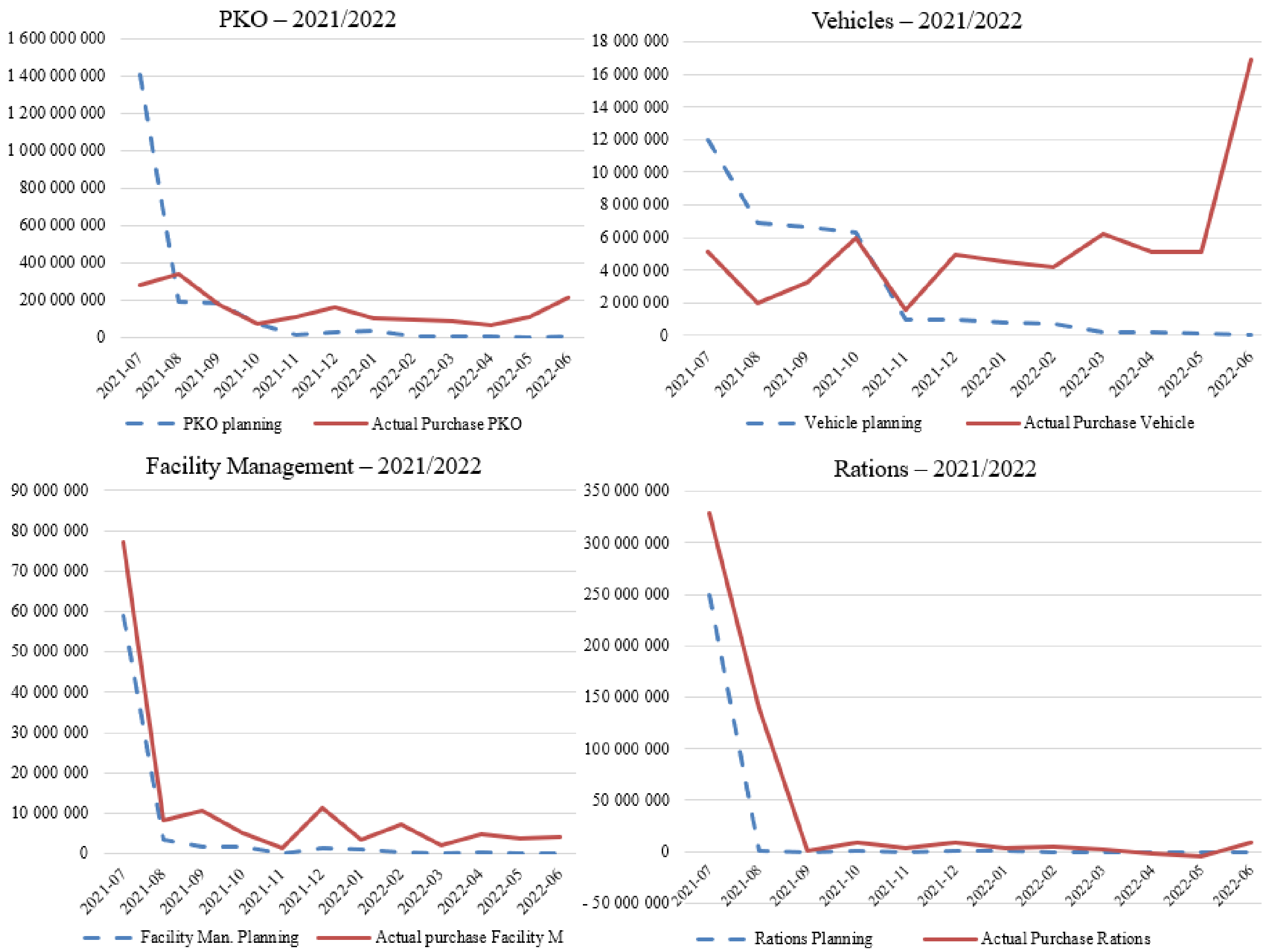
missions, in their role of "first line of defence", are mainly responsible for providing accurate data. Nevertheless, the Office has not taken sufficient actions to enhance and verify data quality, as required by their role of "second line of defence". Although a "monthly data quality check" reporting is in place, this mainly focuses on measuring activities like equipment inputs or outputs. It is still far from meeting important aspects of quality, such as ensuring that the product identification description accurately reflects the number and the nature of each material (granularity), verifying the correct classification (segment, family, class and commodity) of all materials or checking for any discrepancies between physical quantities and Umoja records.

320. The Administration has projects to address this data quality issue, which is highly dependent on data quality from the field, but these projects still need to be finalized and implemented.

321. The performance indicators available to monitor the quality of demand planning are not effectively used. The supply chain performance management framework of the Office of Supply Chain Management presents six key strategic indicators to assess demand planning. These key performance indicators appear basic and sound, and could provide a basis for reflecting a clear picture of the accuracy and completeness of the demand planning, as well as the use of new procurement opportunities. However, notably owing to the implementation of the supply chain planning tool in Umoja, these indicators have not yet actually been used. No target values have been set, and no calculation of the indicators has been carried out. As a result, the quality of demand planning has so far never been effectively monitored. The Office has decided to revise these key performance indicators in the context of the implementation of the supply chain planning tool in Umoja.

322. The Board looked more closely to one of key performance indicators, namely, the "purchasing activity by quarter". Its aim is to compare the demand plan with the actual execution over the financial year. The results for 2021/22 show that, overall, actual purchases appear much lower than planned at the beginning of the period (around five times lower than demand plans in July) and well above the demand plans at the end of the fiscal year (40 times in June). The total consumption for the whole year can also appear well above what had been initially planned, in particular in the vehicle fleet category (+$30 million). In this case, the major year-end purchases call into question the reliability of the demand plan.

Figure II.IX
Consumption versus planning for peacekeeping in general, vehicle fleet, rations and facility categories – Financial year 2021/22



Source: Board of Auditors, based on data provided by the Administration.

323. The Board is of the view that these issues regarding the quality of data and the monitoring of results need to be address without delay. There is a risk of unreliable data being posted in the system that could, with the lack of an effective data quality control, jeopardize the effectiveness of the entire demand planning process. The Office of Supply Chain Management is not yet in a position to assess whether the demand and source planning is an efficient process as there are no indicators in place and no monitoring of results. While recognizing that the field missions in their role of “first line of defence” are primarily responsible for providing accurate data, the Board is convinced that the Department of Operational Support, as the “second line of defence”, has a key role to play in order the strengthen the quality check of the data.

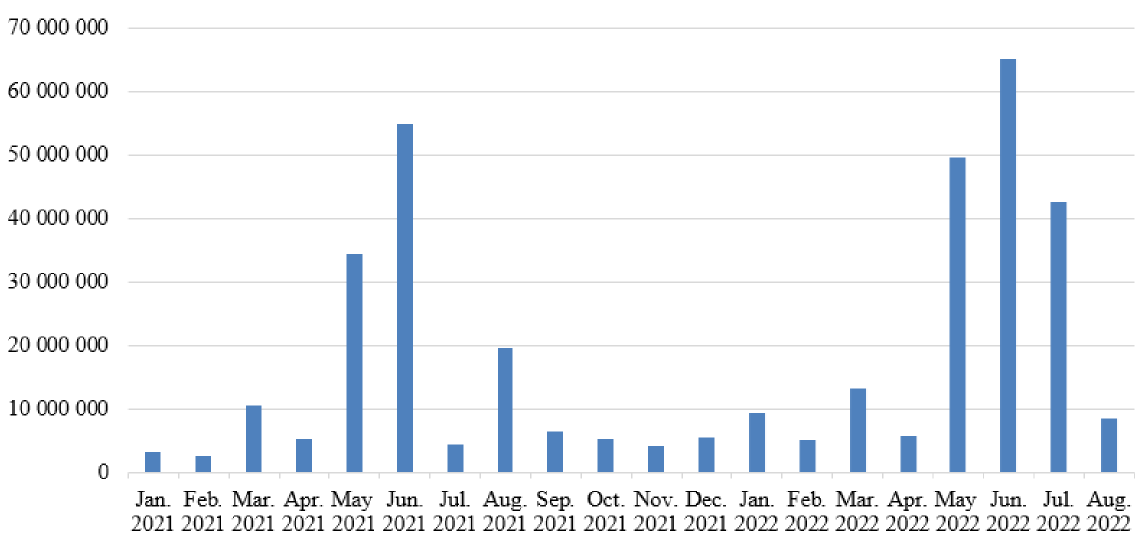
324. **The Board recommends that the Administration strengthen the quality check of the data entered into the digital supply chain planning tool, including by alerting missions to potential data quality issues and collaborating to resolve them, especially regarding product information descriptions and stocks.**

325. **The Board also recommends the Administration rework key performance indicators for demand planning, set targets to be reached and ensure a follow-up of the results.**

326. The Administration accepted the recommendations and was of the view that the field missions were primarily responsible for developing accurate supply chain plans, that the role of the Office of Supply Chain Management was more to provide guidance to missions than to organize and monitor the appropriate quality check of data, and that supply chain data was derived from information captured during system transactions carried out by entities in exercising their management responsibilities as part of their ongoing operations. The Board considered nevertheless that the implementation of performance management by interacting with the missions fell under the responsibility of the Office, acting as the “second line of defence”.

327. Some management schemes, such as extensive year-end purchases or overstocking in one of the peacekeeping missions, illustrate that there is still room for improvement in demand and source planning. MINUSCA is a good example of this: in the financial year 2021/22, MINUSCA procurement volumes ($224 million) were only 61 per cent of the planned amount ($368 million), although the mission made massive year-end purchases, deviating from the demand plan and redeploying part of its budget to acquire information technology equipment and vehicles that were already held in excess. Indeed, 309 purchase orders were approved in the last quarter of the financial year, amounting to $121 million; and 175 purchase orders were approved in the last month of the financial year, amounting to $65 million. Furthermore, the analysis of approved purchase orders from January 2021 to August 2022 indicates that those made in the last quarter of the financial year 2021/22 were larger in value than the corresponding period in the prior year, showing that year-end purchases have deteriorated.

Figure II.X
Value of purchase orders created by MINUSCA from January 2021 to August 2022
(United States dollars)



Source: Board of Auditors, based on data extracted from Umoja.

328. Large year-end procurement raises questions about whether such spending is necessary or done to utilize unspent budgeted funds at the end of a fiscal year. This approach can also increase the risk of a rushed procurement process and, consequently, the purchase of goods at less competitive prices. Management

explained that most of the year-end procurement was for spot purchase of fuel, amounting to $36.5 million in the last quarter, to address the fuel crisis. However, MINUSCA also redeployed resources to purchase computing devices and vehicles with already excessive holdings.

329. Indeed, a review of the projected information technology equipment holding shows a total of 4,215 computing devices, whereas the inventory list revealed a total holding of 6,225 computing devices as at 30 June 2022, i.e. an excess of the projected holding by 2,010. However, on 25 June 2022, the mission purchased another 900 laptops, 900 docking stations and 500 monitors, for a total cost of $1.4 million, of which $0.9 million had been redeployed from the aviation budget.

330. It was also noted that there were 788 LPVs in use as at 30 June 2022, 72 more than the standard LPV holdings of 716 in line with the Standard Cost and Ratio Manual, and 79 more than the proposed LPV holdings of 709 in the proposed budget for the financial year 2021/22. In the financial year 2021/22, a total of $0.8 million was approved in the budget for the acquisition of vehicles but the total expenditure eventually amounted to $5.4 million, including $1.0 million relating to the purchase of 47 LPVs through redeployments.

3.2. Category management

331. In procurement, category management can be an effective approach to improve a supply chain, and the Board acknowledges the Secretariat’s commitment to implementing such a concept. However, as of October 2022, significant work remained: strategies attached to each category had not always been defined; the roll-out of the action plan was in some cases delayed or incomplete; initial ambitions had sometimes been reduced; and the full ownership at the mission level had still to be proved. Therefore, monitoring by the Department of Operational Support needs to be reinforced.

332. In May 2019, the Secretariat introduced the new concept of category management as a pillar of the integrated supply chain management strategy. According to paragraph 2.1.3 of the Procurement Manual,[44] category management “defines a systematic approach to managing those goods and services with a much greater understanding of client needs and those specific supply markets”, the purpose of which is to “deliver long-term value for the organization by making the acquisition and delivery of goods and services more effective, agile, cost-effective and by delivering innovative solutions for clients”. The key element of category management is to establish a segmentation of supply chain management operations into discrete categories of goods and services. On 13 January 2022, the Office of Supply Chain Management issued a revised list of 40 categories of goods and services resulting from a detailed analysis. Those 40 categories cover the whole range of goods and services procured by the United Nations.

333. However, as of October 2022, nine categories representing 25 per cent ($432 million) of all peacekeeping procurement in 2021 did not have a strategy in place to enable the category management concept to be operational. This was the case of minor expenditure categories, such as conference and office supply services ($7.8 million in 2021) and professional services ($1.9 million in 2021), but also major categories, such as commercial air services ($324.0 million in 2021) and property leasing ($33.2 million in 2021). According to the Administration, only two strategies representing 5 per cent of the total average expense should still be pending at the end of 2022.

[44] Available from www.un.org/Depts/ptd/about-us/procurement-manual.

> **Brief reminder on key concepts: “category”, “product identification description”, “strategy action plan” and “initiative”**
>
> Category management aims to improve the organization’s procurement performance through the development of strategies. It is based on two main steps:
>
> 1. The establishment of “categories” that classify the various goods and services sourced by the organization. Each of these goods and services is precisely identified through a unique identifier knows as the “product identification description”.[45] The categories help define the common characteristics for these goods and services uniquely, and hence each product identification description is attached to a category.
>
> 2. The development of “strategies” for each category by working groups. These strategies are based on action plans consisting of a series of “initiatives”. The initiatives present solutions or tools (e.g. new contract models) that aim to improve the way the organization manages its procurement, making the sourcing and delivery of goods and services more effective.

334. The distribution of product identification descriptions is not yet stabilized. This has been easy when the category includes a limited number of well-identified items (e.g. rations, fleet vehicles). However, for facility management, the process of dividing up what was formerly in the domain of engineering has been more complex, especially with other categories such as design and construction. In this context, some product identification descriptions may still change category. The review of such descriptions is considered as a continuous process.

335. The Board analysed three procurement categories that relate almost exclusively or to a large extend to peacekeeping: rations ($260 million spent in 2021, including $258 million for peacekeeping operations, with a strategy approved in July 2021); vehicle fleet (13,000 vehicles, $54 million spent in 2021 for the United Nations-owned equipment, almost exclusively for peacekeeping operations, with a strategy approved in November 2021); and facility management ($169 million spent in 2021, including $79 million for peacekeeping operations, with a strategy approved in December 2020).

336. The strategies for these three categories were performed in accordance with the elements set in the Procurement Manual. They were developed by multifunctional teams and based on careful and specific procurement markets and end users’ needs analysis. The analysis led to the formulation of long-term actions that were evaluated, prioritized and organized into credible action plans with deadlines. For the first time, this effort has enabled the Secretariat to gain an in-depth and comprehensive understanding of its main expenditure categories and of the actions to improve its strategic positioning as a buyer. Headquarters leadership, through an efficient teamwork spirit and by assigning responsibility for action plans to managers within the Office of Supply Chain Management, created a favourable context for the implementation of the strategies. Events were also organized to reward the best performing teams.

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[45] Materials and services are each defined by a unique product identification or product identification description (numeric) and an accompanying description (short description up to 40 characters, and long description). They define items used across the end-to-end supply chain process and are defined at the level of granularity required to serve each step of the supply chain process.

337. The medium- to long-term actions require three to five years to be completed. In all three cases, the category teams remain engaged and continue to make progress in the implementation of the identified actions, but the decisions and the implementation of many of them have been either delayed, incompletely implemented or not implemented at all.

338. To measure progress, the only information available is that provided by the category management implementation tracker. For all three categories, as of October 2022, out of 415 initiatives, only 54 had been closed, 146 were ongoing or open, 6 delayed, 3 discontinued and 206 did not have any status. This information was not shared with all the stakeholders as the Administration does not consider it to be fully reliable.

339. For rations, 4 of the 15 initiatives are completed. For those that are ongoing, there is an average delay of five months. One particularly important initiative identified from the onset as "high effort" – requiring additional expertise and resources – was the assessment of the 4,500 calories per troop and per day ration. More than one year after the approval of the strategy, troop-contributing countries have been invited to participate in a working group dedicated to the subject (not yet started as of October 2022), which should also include nutritionists. This significant delay may affect the initial deadline of December 2023. Another example is the approval, without any changes by the officer in charge, of supplier management, which was abnormally long (almost seven months) and had the effect of removing the focus of attention on the category by the team. In facility management, only one initiative has been totally implemented. For this category, the main idea of the strategy consists of moving from an in-house model to an outsourcing model. However, the COVID-19 pandemic, the Ukraine crisis and soaring freight prices all suggest that, in more cases than initially planned, an in-house solution could be a better choice. As a consequence, there is a need for the category team to develop new tools to support field missions, such as contract templates, guidelines for assessing the advantages and disadvantages of insourcing and outsourcing models, an estimate of the financial gain, aids to effective contract monitoring, etc. As this is a non-strategic category, each mission or entity still has the authority to choose the solution it deems fit.

340. In the context of the delegation of authority to the mission for non-strategic goods and services, some actions of the plans are limited to the development of tools (e.g., contract templates or revised indicators) to be rolled out by them in a second phase. However, these new responsibilities for the missions have not been appropriately accompanied. Given the slow progress of the action plans, this second phase has barely started. It could still take several years before the category strategy starts to deliver the effective results it is supposed to bring to the field by implementing all the initiatives at their level.

341. The high ambitions of category management sometimes diminish when it comes to formulating detailed action plans and are further weakened if initiatives are not followed through. Regarding the fleet strategy, the main action to address the sustainability objective is to launch a contract for the purchase of hybrid vehicles. However, the plan is far from covering the full range of vehicles (the contract would be optional and would not cover 46 per cent of the fleet: trucks, armoured vehicles, engineer equipment, etc.) and all possible actions (including the replacement of older polluting vehicles, the reduction of the fleet or exhaust gas catalysis). Regarding road safety, the key action only consists in the replacement of the 20-year-old "carlog" (the driver monitoring system).

342. In some cases, the necessary means for implementing action plans have been underestimated. The staffing and financial and information technology requirements for every action were neither clearly assessed nor agreed upon when the strategy was determined. As a result, some actions have been delayed.

343. Regarding rations, while none of the initiatives has been abandoned, 3 out of the 15 initiatives have been interrupted, including important ones, such as improving warehouse acceptance (according to the "turnkey contracts" used for rations, suppliers are responsible for storage, and a warehouse acceptance system is thus necessary), asset control and reviewing the combat rations pack stock (the level of this stock has an important impact on the Organization's expenditure in this field). The reasons given by the Administration, such as the difficulty to recruit specialists or other priorities given to the teams, should have led to a reassessment of the time and resources devoted to the actions.

344. Where appropriate, the long-term actions should include intermediate milestones to measure their progress. For vehicle fleet, the initiative to replace "carlog" is scheduled to be completed in December 2024, without any milestones being set in between.

345. In addition, the initiatives in the strategies are not quantified with expected gains (cost-benefit, client satisfaction, higher quality, etc.) that can be evaluated. For example, the first "quick win" of the vehicle fleet strategy is the review of the vehicle replacement criteria for vehicles through an economic life cycle analysis carried out with the clients. The main expected gains are an improvement in the relationship with clients, higher road availability and higher residual value. No figures are available to define the target values in those domains or to measure the results.

346. The Board is of the view that all of the strategies for the 40 categories should be promptly completed. Delayed, postponed, pending or unimplemented actions have been noted, while initial ambitions can be sometimes reduced.

347. The Board also considers that a successful implementation of the category management initiative would require efficient collaboration with peacekeeping missions. Until now, this has been organized mainly using working groups that were responsible for coordinating the implementation of action plans at Headquarters level. The challenge is now to roll out these initiatives in the field and ensure that they will be used and benefit the Organization. There is a risk of the action plans being not fully implemented if they are not prioritized by peacekeeping missions and sufficiently monitored by Headquarters. This lack of oversight is not in accordance with the "second line of defence" duties of Headquarters in order to monitor and review operational management.

348. An efficient accountability system should be implemented to monitor strictly the action plans using key performance indicators. So far, indicators relating to category strategy benefits have neither been formally defined nor used. Once they are approved, target values should also be set to measure the results of each action. The Department of Operational Support should monitor progress made in implementing the category management strategies through such indicators. For this, timetables would be checked and, more generally, deviations from the strategy that could jeopardize the initial ambitions should be analysed thoroughly. When appropriate, decision to review a strategy should also be made, after close consultations with the peacekeeping missions.

349. **The Board recommends that the Administration complete the strategies for the nine remaining procurement categories.**

350. **The Board also recommends the Administration set, for each strategy, appropriate implementation milestones and performance indicators in order to monitor results and take the actions necessary at the level of the Department of Operational Support and after close consultations with the peacekeeping missions.**

351. The Administration accepted the recommendations.

3.3. Write-off and disposal of assets in peacekeeping missions

352. The management of write-off and disposal should be oriented so as to better recover residual value.

353. The Property Management Manual for peacekeeping missions offers a guideline for the write-off and disposal of assets, when surplus, unserviceable, obsolete or impaired.

354. In some cases, the disposal process is not satisfactory and does not comply with the sales procedure determined by the Procurement Manual. At UNSOS, for instance, inconsistency with provisions relating to the required number of bidders, as well as openness, fairness and transparency, may have had a negative financial impact on the office: 422 items with a net value of $1.76 million were disposed of during the financial year 2021/22, while the corresponding income resulting from sales was only $16,331 (0.9 per cent).

355. In other situations, missions make efforts to use some assets beyond the end of their expected lifetimes as they are in good conditions. On the one hand, the Board recognizes that such a good practice encourages efficiency. For example, at MONUSCO, two thirds of the vehicles are used past their expected lifetimes (six years), of which one third is past twice this lifetime (12 years). On the other hand, the Board is of the view that the management of the disposal of these assets remains problematic. Indeed, with this system, a significant amount of fixed assets has a zero-net book value (60 per cent of registered assets). When the Mission decides to dispose of them, they are submitted to a simplified assessment procedure and not to the Local Property Survey Board.[46] The informal economical assessment of their repair/transfer or sale/donation does not favour any return of funds since the good value is assessed at zero.

3.4. Expired medicines in peacekeeping missions

356. The management of medicines and medical supplies requires a more rigorous control of their shelf live as it can have a direct effect on the health conditions of staff.

357. Accountability to peacekeepers is one of the seven systemic priorities of the Secretary-General’s Action for Peacekeeping agenda for 2021–2023 (Action for Peacekeeping Plus). The Secretariat underlines that reliable medical support for all peacekeepers has an exponentially positive impact on the Organization’s operations overall. Chapter 12 of the Medical Support Manual for United Nations field missions states that the limited shelf life of some medical products requires tight control of inventory to ensure efficacy of supplies and minimization of waste.

358. Some shortcomings remain in the management of medicines and medical supplies. For instance, at MINUSCA, different categories of medicines had expired but were still in stock as of September 2022, for a value amounting to $73,914. For some categories of medicine, there was no available alternative in the warehouse as no procurement had been initiated owing to the lack of identification and disposal. At UNISFA, sensitive medical products, including blood and rapid test kits, had passed their expiry dates. UNSOS has experienced a shortage of drugs and consumables, for example, narcotics and controlled drugs used as painkillers. A physical verification of the central medical warehouse at UNMISS demonstrated that references had been sometimes mixed or that their count was not accurate. Some drugs had an expiration

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[46] The Local Property Survey Board is responsible within a mission for recommending actions for the write-off and disposal of assets with net value above $3,000 (see Property Management Manual for United Nations peacekeeping missions and missions administered by the Department of Peace Operations, and subsequent MONUSCO standard operating procedures).

date in 2017 and were indeed in written-off inventories, but were still pending formal disposal. The situation has since been regularized, after the on-site audit.

359. These deficiencies in the management of medicines and medical supplies generate unnecessary expenses and should be addressed, in line with the Action for Peacekeeping Plus agenda[47] and the Administration's instructions.[48]

4. Other audit observations

4.1. Troop and staff rotation

360. The United Nations and troop- and police-contributing countries sign memorandums of understanding for the deployment of formed units and their equipment in peacekeeping missions. However, some of the basic standards contributing to the efficiency of the contingents, troop rotation or formal handover are not always met.

361. In accordance with General Assembly resolution 67/261, the standard rotation period for troops shall be 12 months at the expense of the United Nations. However, "the establishment of a typical rotation period for contingent personnel does not infringe upon the authority of contributing countries to decide on the frequency of rotation for their units deployed to United Nations peacekeeping missions" and "the Secretary-General may determine operational circumstances and requirements that may demand rotation periods shorter than 12 months".

362. In some cases, such as MINUSMA and UNMISS, peacekeeping troops had not rotated for long periods, reaching in one case almost three years. The risk of demotivation and the human problems that may derive from such long periods of deployment should be addressed, as prolonged duty can lead to serious difficulties for both the peacekeepers and the missions.[49] The Administration indicated that the case in UNMISS had been resolved in December 2022.

363. The handing over of instructions is a general and good practice of many organizations, specifically those dedicated to crisis management (military or humanitarian operations) and when there is a high turnover. It is also an essential aspect of the internal control system, generally formalized in a procedure or a guide within the United Nations system, such as Resident Coordinators,[50] at WFP,[51] etc.

364. The Department of Peace Operations and the Department of Political and Peacebuilding Affairs jointly published in 2020 a policy on knowledge management and organizational learning that defines the handover notes as not strictly speaking a learning tool but serve to ensure business continuity. Handover notes are created by personnel who are about to leave their positions temporarily or permanently. These notes assist their successor to carry out their duties. The policy of the Departments is

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[47] As stated in the Action for Peacekeeping Plus priorities for 2021–2023 (available at https://peacekeeping.un.org/sites/default/files/a4p_background_paper.pdf): "We know that reliable medical support for all peacekeepers has an exponentially positive impact on our operations overall".

[48] The Medical Support Manual for United Nations field missions (3rd ed.) states that "continuity and consistency in the supply of medical material is particularly important given the likely paucity of effective local resources" and "the medical support plan … should be adjusted at least annually."

[49] The International Forum for the Challenges of Peace Operations policy brief 2019:2 mentions "cases of sexual misconduct … that are also the result of poor leadership and of lack of regular rotation of troops and personnel". See www.challengesforum.org/wp-content/uploads/2019/06/Policy-Brief-2019_2-Improving-the-military-effectiveness-and-proficiency-of-peacekeeping-operations_Alexandra-Novosseloff.pdf.

[50] See "UNDG Guidance Note: Handover Note and End of Assignment Report for Resident Coordinators" (April 2013), available at https://unsdg.un.org/sites/default/files/UNDG-Guidance-Note_EoAR-and-HN_-FINAL.pdf.

[51] Country director handover overview, 2018.

directly applicable to uniformed personnel, as underlined in the deployment review digital toolkit for peacekeepers: as part of the induction programme organized for new personnel by integrated mission training centres, a component on knowledge management and organizational learning is provided. It will also include handover note from the previous rotation.

365. At UNDOF, the standard operating procedures of military personnel states that each outgoing staff officer and unit officer must provide a proper handover and takeover report and programme. The programme and report must be submitted to the respective superior. In the review of staff rotation carried out during the financial year 2021/22, no handover or takeover report was reported to have been submitted to the respective superior in 80 per cent of cases, and in 17 per cent of cases no report had been completed at all.

366. Likewise, for civilian personnel, while senior management at GCS has changed substantially in recent years, there has been no formal handover except for one position, the head of the supply chain service.

4.2. Experiment of new equipment at UNMISS

367. UNMISS developed an innovative solution involving the use of a new enhanced land vehicle. This capability appears essential to increase the mobility of the force and to be able to operate 12 months a year in a difficult environment, yet sustainable funding solutions need to be found.

368. Mobility is a major concern for UNMISS, as road circulation is seriously limited during the rainy season, the movement of barges can be prohibited for safety reasons and most of the rotary wing fleet was immobilized in September 2022.

369. In response, in 2021/22, the Mission launched an enhanced land mobility solution on a trial basis. The aim was to evaluate the vehicle (mobility platform) known as the enhanced land mobility all-terrain vehicle, or SHERP. The SHERP is a one-of-a-kind vehicle: a light truck with very large wheels, giving it a high mobility, including the ability to float and thus move across rivers or swamps. It has been used by WFP in South Sudan as an alternative asset to airlifts when making the last mile in reaching remote communities.

370. In March 2021, the Mission signed a service-level agreement with WFP to lease 15 vehicles, benefit from the latest knowledge on this vehicle and receive administrative support. The initial cost was $524,698, not including fuel, service and repair for the first year, and the agreement has been extended until April 2023, with and additional $550,000 allocated for the coming financial year.

371. On site, where the SHERP is on test by an infantry battalion, the limits of the vehicle have been raised by the Mission's staff. However, the overall conclusion of the trial is that: "The result of this trial is that the platform meets the Special Representative of the Secretary-General's intent on becoming a 12-month mission and is of a high priority that requires all mission pillars to support the expansion of this programme through funding and resourcing".

372. Increased mobility is critical to support the creation of a conducive political and security environment as the country moves into its first post-independence election mode next year. The Mission is having difficulty in going beyond the experimental phase by finding sustainable funding to deploy this equipment. A decision has still to be made on whether to replace or remove underutilized equipment from the actual contingent-owned equipment in order to balance the cost of the SHERP.

4.3. Vehicles and generators are not always equipped to properly monitor fuel consumption

373. All vehicles and generators in service at MINUSMA are supposed to be equipped with odometers, hour-meters or kWh-meters, including those of the troop- and police-contributing countries. However, more than 15 per cent of troop- and police-contributing countries' vehicles or generators have faulty measurement equipment and cannot provide such data.

374. On this issue, the current (2021) guidelines for the field verification and control of contingent-owned equipment and management of memorandums of understanding mention the following:

- Troop- and police-contributing countries are encouraged to deploy generators with hour-meters; meter readings should be checked and noted; and serviceable generators without hour-meters or unserviceable meters shall still be declared serviceable with a clarifying remark;

- Troop- and police-contributing countries are encouraged to repair or replace unserviceable odometers; odometer readings should be checked and recorded against earlier readings reported in a monthly operational report; and any vehicles without working odometers shall still be classified as serviceable with a clarifying remark.

375. One of the consequences of the lack of formal constraints on contingents that neglect to repair their odometers, hour-meters or kWh-meters is that several hundred pieces of equipment are currently operating, for instance at MINUSMA, without any possibility of checking their mileage or running time.

4.4. Long-term vacancies

376. Long-term vacancies are a recurring problem in peacekeeping operations. The Board already pointed out this issue in its report on financial year 2019/20, as such vacancies can preclude the achievement of objectives.

377. The General Assembly, in its resolution 74/295, reiterated its concern about the high number of vacancies in civilian staffing, and further reiterated its request to the Secretary-General to ensure that vacant posts are filled expeditiously; requested the Secretary-General to ensure that vacant posts are filled expeditiously, and decided not to abolish the posts that have been vacant for 24 months or longer during the current budget period; and requested the Secretary-General to review the posts that have been vacant for 24 months or longer and to propose in his next budget submission either their retention, with clear justification of need, or their abolishment.

378. In its report on UNIFSA (A/75/822/Add.3), the Advisory Committee on Administrative and Budgetary Questions "reiterated its concern about the high number of vacancies in civilian staffing and further reiterated its request to the Secretary-General to ensure that vacant posts are filled expeditiously."

379. At UNSOS, as at 30 June 2022, 76 posts were vacant among the 583 posts authorized by the General Assembly. The vacancy rates for international staff and national staff were 6 per cent and 26 per cent, respectively. Out of the 76 vacant posts, 33 had been vacant for 24 months or longer, with the longest being for 60 months.

380. This situation is sensitive when vacancies are related to senior management positions, as in MINURSO. As at 30 June 2022, six vacant posts in international staff (Professional and higher category) had led to a vacancy rate of 17 per cent. Five posts had been recruited against by posting temporary job openings and making temporary appointments with a contract duration of no more than two years, as provided by the regulations.

E. Disclosures by management

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

381. The additional terms of reference in the Financial Regulations and Rules governing an external audit include write-offs in the list of matters that should be referred to in the report.

382. Within this framework, the Administration reported to the Board that assets amounting to $79.1 million had been written-off during the financial year 2021/22 ($65.7 million in 2020/21). Of those write-offs, $62.3 million related to real estate assets ($52.8 million in 2020/21), $16.5 million to property fixed assets ($9.3 million in 2020/21), $0.3 million to receivables and $0.02 million to cash ($3.6 million in 2020/21 for the last two items). Write-offs of real estate assets represented almost 79 per cent of the total, with $62.3 million. The two main reasons for these write-offs, which related mainly to UNAMID, were that they were either uneconomical to recover ($41.9 million) or surplus ($16.5 million). The equipment write-off was mostly due to a $9.9 million surplus, as well as hostile action, loss and theft of $3.4 million (including $2.8 million in UNAMID). As displayed in the note 11 to the financial statements, $5.8 million in inventory was written-off but not included in the write-off statement transmitted in accordance with regulation 6.5 of the Financial Regulations and Rules. Therefore, an additional $5.8 million should be considered, bringing the total amount of write-offs to $84.9 million.

2. Ex gratia payments

383. The Administration reported to the Board that two ex gratia payments, amounting to $3,367.8, had been made.

3. Cases of fraud and presumptive fraud

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

385. During the period under review, the Office of the Controller reported eight cases of fraud to the Board,[52] involving an amount of $0.14 million, as well as 119 cases of presumptive fraud, involving an amount of $0.93 million. Since the financial year 2018/19, the cases of fraud and presumptive fraud have been shown separately. The previous years' figures are shown in table II.5 below. Comparing those figures is challenging, as they depend on fraud detection, and the amount involved is often reported as unknown. In accordance with the Financial Regulations and Rules, the Board includes a list of cases of fraud and presumptive fraud in its report, as provided by the Administration.

[52] The table initially transmitted to the Board showed nine cases. However, after further discussion with the Administration, one case was removed as it was not related to fraud.

Table II.5
Transmission of cases of fraud and presumptive fraud in peacekeeping operations

	Fraud		*Presumptive fraud*	
Period ended	*Number of cases*	*Amount (millions of United States dollars)*	*Number of cases*	*Amount (millions of United States dollars)*
30 June 2022	8	0.14	119	0.93
30 June 2021	13	0.24	111	0.76
30 June 2020	23	0.08	100	2.86
30 June 2019	26	0.08	102	12.74
30 June 2018	8	0.21	107	16.05

Source: Information provided by management.

F. Acknowledgement

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

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

(*Signed*) Pierre **Moscovici**
First President of the French Cour des Comptes
(Lead Auditor)

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

24 January 2023

Annex I

Missions audited

Active peacekeeping operations

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

Special-purpose accounts

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

Closed peacekeeping operations

1. United Nations Operation in Burundi (ONUB), closed on 31 December 2006
2. United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL), closed on 31 December 2005
3. United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISET), closed on 20 May 2005
4. United Nations Iraq-Kuwait Observation Mission (UNIKOM), closed on 6 October 2003
5. United Nations Mission in Bosnia and Herzegovina (UNMIBH), closed on 30 June 2003
6. United Nations Mission of Observers in Tajikistan (UNMOT), closed on 15 May 2000
7. United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH), closed on 15 March 2000
8. United Nations Mission in the Central African Republic (MINURCA), closed on 15 February 2000

9. United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM), closed on 26 February 1999
10. United Nations Preventive Deployment Force (UNPREDEP), closed on 28 February 1999
11. United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and United Nations Civilian Police Support Group (UNPSG), closed on 15 October and 30 November 1998
12. United Nations Observer Mission in Liberia (UNOMIL), closed on 30 September 1997
13. United Nations Peace Forces (UNPF), closed on 30 June 1997
14. Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA), closed on 31 May 1997
15. United Nations Mission in Haiti (UNMIH), closed on 30 June 1996
16. United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR), closed on 19 April 1996
17. United Nations Observer Mission in El Salvador (ONUSAL), closed on 31 May 1995
18. United Nations Operation in Mozambique (ONUMOZ), closed on 31 March 1995
19. United Nations Operation in Somalia (UNOSOM), closed on 3 March 1995
20. United Nations Military Liaison Team in Cambodia (UNMLT), closed on 15 November 1994
21. United Nations Transitional Authority in Cambodia (UNTAC), closed on 5 May 1994
22. United Nations Transition Assistance Group (UNTAG), closed on 21 March 1990
23. United Nations Iran-Iraq Military Observer Group (UNIIMOG), closed on 31 March 1991
24. Special Account for the United Nations Emergency Force (UNEF), closed on 30 June 1967
25. Ad Hoc Account for the United Nations Operation in the Congo (ONUC), closed on 30 June 1964
26. United Nations Mission in Ethiopia and Eritrea (UNMEE), closed on 31 July 2008
27. United Nations Observer Mission in Georgia (UNOMIG), closed on 5 June 2009
28. United Nations Mission in the Central African Republic and Chad (MINURCAT), closed on 31 December 2010
29. United Nations Mission in the Sudan (UNMIS), closed on 9 July 2011
30. United Nations Supervision Mission in the Syrian Arab Republic (UNSMIS), closed on 19 August 2012
31. United Nations Integrated Mission in Timor-Leste (UNMIT), closed on 31 December 2012
32. United Nations Operation in Côte d'Ivoire (UNOCI), closed on 30 June 2017
33. United Nations Mission in Liberia (UNMIL), closed on 30 March 2018
34. United Nations Mission for Justice Support in Haiti (MINUJUSTH)/United Nations Stabilization Mission in Haiti (MINUSTAH), closed on 15 October 2019[1]

[1] MINUSTAH transformed into MINUJUSTH on 16 October 2017.

Annex II

Status of implementation of the outstanding recommendations of the Board as at 30 June 2022

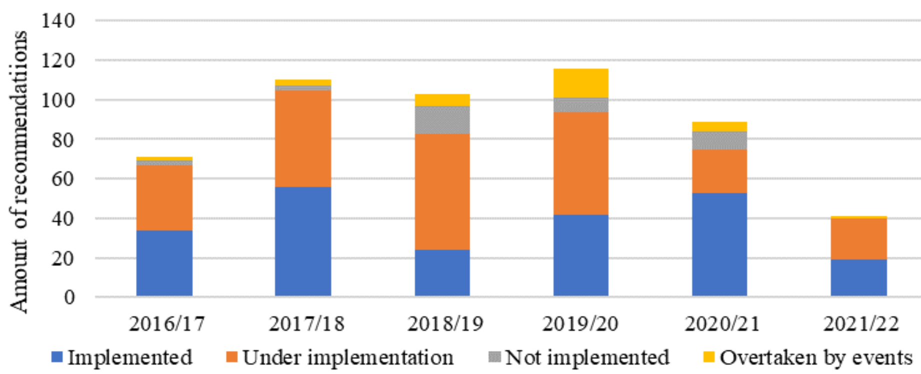
1. A summary of the status of implementation of the recommendations made by the Board of Auditors during the previous five reporting periods is set out below:

Status of implementation of recommendations from the past five financial years, as at 30 June 2022

Year	*Total*	*Fully implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
2016/17	75	66	1	0	8
2017/18	52	34	7	0	11
2018/19	43	40	1	0	2
2019/20	30	23	4	0	3
2020/21	10	2	7	0	1
Total	**210**	**165**	**20**	**0**	**25**

Source: Reports of the Board of Auditors on United Nations peacekeeping operations.
Note: Figures represent the status of implementation of recommendations at the time of finalization of the present report.

Overview of implementation rate of recommendations, 2016/17 to 2021/22



Source: Reports of the Board of Auditors on United Nations peacekeeping operations from 2016/17 to 2021/22.

2. Between the financial years 2016/17 and 2021/22, the average implementation rate was 44 per cent. During the same period, recommendations under implementation comprised 45 per cent of the total number of recommendations; the average rate of recommendations considered as not implemented was 6 per cent, while the average rate of recommendations considered as overtaken by events was 5 per cent.

3. Between the financial years 2016/17 and 2020/21 the Board issued 210 recommendations in total. Sixteen new recommendations were issued in the financial year 2021/22.

4. Between the financial years 2016/17 and 2021/22, the Board noted that six recommendations[1] remained under implementation for more than three years.

[1] In addition, there is still one pending recommendation from financial year 2015/16.

Follow-up to the recommendations made by the Board (2016–2021)

						Status after verification			
No.	*Audit report year/ biennium*	*Report reference*	*Recommendation of the Board*	*Management response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1.	2016	A/71/5 (Vol. II), chap. II, para. 40	The Board reiterates its recommendation that the Administration review the useful lives of fully depreciated assets that are still in use.	The useful lives of all assets, inclusive of fully depreciated assets, are part of the IPSAS useful life. The Administration has completed its review of the fixed-asset data in Umoja, using post-Galileo conversion data, which included all active assets, disposed assets, equipment records, and asset quantities. The updated useful lives were implemented by 1 January 2023 for new assets, along with updates to the United Nations corporate guidance and policies during 2023.	Considering that no reference document with the updated useful lives of fully depreciated assets was transmitted and that the implementation started in January 2023, i.e. six months after the reporting period 2021/22, the Board will consider the closure for the next reporting period. The Board considers the recommendation as under implementation.		X		
2.	2017	A/72/5 (Vol. II), chap. II, para. 464	The Board recommends that the Administration consider keeping staff members available until after the liquidation date to finalize outstanding tasks.	The Administration declared that it had established a surge capacity mechanism to "establish and maintain a stand-by pool of highly skilled and trained civilian personnel ready to be deployed at short notice to anywhere to meet surge demands in special situations including establishment of a new office, closure of an existing office, start-up, transitions, downsizing/liquidation and crisis situations for the global Secretariat". The Administration provided information on its implementation.	The Board analysed the status of this recommendation thoroughly in its previous report (paragraphs 93 and 97 to 99 of A/76/5 (Vol. II)), and assessed it as not implemented. Presented as a mitigation measure, the surge capacity will need to adequately address the issue tackled by the recommendation. To gain minimum assurances on this aspect, there is at least a need for an approved document on this mechanism, even if it is already operational. The Board considers the recommendation as under implementation.		X		
3.	2018	A/73/5 (Vol. II), chap. II, para. 37	The Board recommends that the Administration ensure accountable oversight of the management of material master data to achieve improved and harmonized material master data in the	The Administration stated that the classification of the United Nations Standard Products and Services Codes and category management hierarchies for all active product identification descriptions had been completed, providing improved and more	The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			areas of product IDs, units of measurement and material descriptions, with a view to accurately reflecting assets in the financial statements and meeting supply chain requirements.	harmonized material master data. Furthermore, the Department of Operational Support has also provided guidance by releasing a job aid published on iSeek that provided clear guidance for business to review their product identification descriptions and also clarifies the roles and responsibilities of the materials and service master data management team vis-à-vis business. With the job aid, Umoja Coordination Service/Office of Supply Chain Management has provided the necessary guidance for business stakeholders to discharge their responsibilities on accountability and oversight over material master data within their delegation of authority. Based on the above, the Administration considers the recommendation implemented.					
4.	2018	A/73/5 (Vol. II), chap. II, para. 70	The Board recommends that the Administration issue comprehensive guidance on cost recoveries, including with regard to responsibilities, agreements and contractual relationships, budgeting, pricing, recovering costs and processing in Umoja.	The Administration stated that the comprehensive policy and guidance was issued on 30 December 2021 and is available on the Knowledge Gateway in SharePoint. The Administration considers this recommendation to be implemented.	The comprehensive policy and guidelines have been issued. The Board considers this recommendation as implemented.	X			
5.	2018	A/73/5 (Vol. II), chap. II, para. 74	The Board recommends that the Administration issue guidance on the appropriate usage of funds commitments and monitor compliance in that regard.	The Administration stated that new guidance on the creation and use of funds commitments, including detailed guidance on when funds commitments should not be used, has been published on the United Nations finance knowledge gateway. The Administration considers this recommendation as fully implemented.	The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
6.	2018	A/73/5 (Vol. II), chap. II, para. 153	The Board recommends that the Administration implement the force generation process in Umoja.	The Administration stated that, as noted in prior year enterprise resource planning project progress reports (A/72/397, para. 84; A/73/389, paras. 78, 81 and 83; A/74/478, para. 55; and A/76/386, para. 35), priority was given to the uniformed capabilities management project related to reimbursements and payments to troop- and police-contributing countries for their contingent-owned equipment, uniformed personnel and ad hoc claims (death and disability, letter of assist, hostile damage), owing to outdated legacy systems in dire need of replacement that supported these sensitive, manual and labour-intensive processes. The Administration stated that, as noted in A/75/5 (Vol. II), para. 40, critical steps related to force generation have been incorporated in Umoja (statement of unit requirements, memorandums of understanding, uniformed strength reporting), and the solution, as currently deployed, lays the foundation for additional force management and planning activities and processes, inclusive of elements associated with force selection. As such, an inter-departmental working group has been established, and work is in progress to determine the appropriate scope and requirements to address the Board of Auditors' recommendation (A/73/5 (Vol. II), para. 153) in full. The force generation process is conducted under extant guidance, including the force/police generation manual, which ensures the transparency of the contributing country selection process and the documentation of the full	The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				process. Units for peacekeeping operations are selected from among Member States' units registered in the peacekeeping capability readiness system, administered by the Department of Peace Operations, which is the sole mechanism for the selection of a military or police unit for deployment. The deadline to complete and fully implement this recommendation can be further specified as the scope and requirements are defined. The full implementation of the recommendation was deferred owing to the importance of delivering core uniformed capabilities management functionality and mandated activities (i.e., 2020 contingent-owned equipment working group), as defined in prior year enterprise resource planning progress reports, in addition to the completion of the revised guidance on the force generation process, which had to be prioritized along with the management of the many complications related to force generation and deployment that arose owing to the COVID-19 pandemic. The working group held several meetings to address the Board of Auditors' recommendation to implement the force generation process in Umoja. Participants agreed to review the current force generation process for police and military units and map out which key decision points and documents should be registered in Umoja or another tool that can be linked to Umoja. Such key decision points include the invitation note verbale, the memorandum of understanding, the selection note and certification provided by Member States.					

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				The implementation of the force generation process in Umoja would be similar to the recruitment of civilian staff, for which not all stages are done within Umoja, but in a consistent manner that allows key information and steps to be recorded in Umoja. The next steps include an Office of Military Affairs and Police Division leadership agreement on the scope, as well as subsequent technical discussions with the Office of Information and Communication Technology on the technical aspects of the implementation.					
7.	2018	A/73/5 (Vol. II), chap. II, para. 183	The Board recommends that the Administration review the objectives, processes and staff requirements of integrated operational teams, considering the upcoming new peace and security structure.	A departmental management review of the objectives, processes and staff requirements of integrated operational teams is under way. The implementation of this recommendation, and associated recommendation in paragraph 185 of A/73/5 (Vol. II), was delayed to allow for the significant changes in organizational structures, practices and processes entailed in the Secretary-General's peace and security pillar reform, to be consolidated. A further delay in the implementation was incurred awaiting resources to be identified and dedicated to the conduct of the review, amid competing priorities for the Department.	The Board considers this recommendation as under implementation.		X		
8.	2018	A/73/5 (Vol. II), chap. II, para. 185	The Board further recommends updating the integrated operational teams policy based on this review.	The Administration stated that the implementation of this recommendation and associated recommendation in paragraph 183 of A/73/5 (Vol. II), was delayed to allow for the significant changes in organizational structures, practices and processes entailed in the Secretary-General's peace and security pillar reform, to be consolidated. A	The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				further delay in the implementation was incurred awaiting resources to be identified and dedicated to the conduct of the review, amid competing priorities for the Department. The Administration intends to finalize the guidance by the end of the third quarter of 2023.					
9.	2018	A/73/5 (Vol. II), chap. II, para. 209	The Board recommends that the Administration analyse the direct and indirect costs associated with the disposal of unserviceable and expired ammunition from troop- and/or police-contributing countries and inform Members States accordingly.	The Administration stated the recommendation is under implementation. The Administration had no further comments.	The Administration informed the Board that the study and collection of the base data related to the claims submitted by troop- and police-contributing countries for disposed unserviceable and expired ammunition was not initiated by the third quarter of 2022. The Board considers this recommendation under implementation.		X		
10.	2018	A/73/5 (Vol. II), chap. II, para. 375	The Board recommends that the Administration consider publishing tenders for goods and services instead of solely publishing the request for expression of interest.	The Administration stated that the recommendation is under implementation. Following the completion of phase 1 (the development of the United Nations Global Marketplace Ariba interface), phase 2, which synchronizes vendors on the basis of their submissions of the expressions of interest, is under development. The delay is due to the complexity of moving the expression of interest process from the Procurement Division website to the United Nations Global Marketplace and the recent unavailability of the United Nations Secretariat websites. The changes required for the Procurement Division website, as part of phase 2, were finalized in June 2022. Phase 3, the feasibility and implementation plan, will be re-evaluated upon completion of phase 2.	The Board acknowledges the Administration's efforts to address the recommendation and the progress made. The Board notes that the United Nations Global Marketplace Ariba interface, phase 2, which synchronizes vendors on the basis of the submission of their expressions of interest, is still under development. The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
11.	2018	A/73/5 (Vol. II), chap. II, para. 407	The Board recommends that the Administration amend the policy for rosters with the objective to facilitate roster-building, management and data cleansing.	The Administration stated that there are no further updates.	The Board considers this recommendation as under implementation, until the roster policy is amended.		X		
12.	2018	A/73/5 (Vol. II), chap. II, para. 417	The Board recommends that the Administration review the recruitment process to increase transparency and simplify and shorten the procedure.	The Administration stated that there are no further updates.	The Board considers this recommendation as under implementation.		X		
13.	2019	A/74/5 (Vol. II), chap. II, para. 49	The Board recommends that the Administration correct erroneous staff service and participation data which it has already forwarded to the actuary for the valuation of the after-service health insurance liability, and correct the employee benefits liabilities in the financial statements.	The Administration stated that the project to import data into Umoja on eligible periods of participation in United Nations health plans for active staff was successfully completed. The new data field, measured in months, was added to the census data shared with the actuaries for use in the actuarial valuation as at 31 December 2021.	The Administration has provided relevant supporting document. The Board considers this recommendation as implemented.	X			
14.	2019	A/74/5 (Vol. II), chap. II, para. 83	The Board recommends that the Administration strengthen internal controls to ensure appropriate dependency allowance payments by using Umoja and United Nations systems-wide data.	The Administration stated that the recommendation has been implemented. The Umoja functional specifications document outlines the change being implemented in Umoja that to facilitate the cross-check of dependency benefits.	The Board considers this recommendation as implemented.	X			
15.	2019	A/74/5 (Vol. II), chap. II, para. 202	The Board recommends that the Administration extend the delegation of authority portals' functionalities to specify and limit subdelegations to ensure that the staff member who receives subdelegations is aware of the scope.	The Administration stated that the portal enhancements are currently in the development/testing phase. The final release is dependent on the portal's quarterly deployment schedule and the finalization of the revised delegation of authority ST/SGB. Consequently, the target date has been revised to June 2023.	The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
16.	2019	A/74/5 (Vol. II), chap. II, para. 269	The Board recommends that the Administration document the entire recruitment process of temporary appointments in Inspira and Umoja; the documentation should include all necessary data, especially justification of need for a temporary appointment and the reasons for its extension.	The Administration stated that the guidance on temporary appointments has been finalized and shared with the missions and with the Board. The Administration considers this recommendation to be implemented.	The Board considers this recommendation as implemented as the guidance on temporary appointments has been issued.	X			
17.	2019	A/74/5 (Vol. II), chap. II, para. 283	The Board recommends that the Administration ensure that officials with delegation of authority base their selection decision on an assessment of how and to what extent the applicants' competencies meet the requirements, and record both the comparative analysis and the selection decision in the system.	The Administration stated that the process guide on temporary appointments was issued, and ST/AI/2010/3 on the Staff Selection System covers the evaluation process for applicants applying to job openings. The Administration considers this recommendation to be implemented.	The Board considers this recommendation as implemented as the guidance on temporary appointments has been issued.	X			
18.	2019	A/74/5 (Vol. II), chap. II, para. 353	The Board recommends that the Administration ensure international competition by soliciting Internet capacity services and by analysing the market and alternative solutions for transponder capacity.	The Administration has addressed the requirements stated in the recommendation as shown below, (1) "… and by analysing the market and alternative solutions for the transponder capacity" – This was addressed by the now finalized competitive international procurement, resulting in three new commercial contracts. (2) "…international competition by soliciting internet capacity services" – This was addressed by the finalized international competitive bidding, now with the Procurement Division for financial evaluation. There will be no new contracts until the financial evaluations are completed and then	The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				submitted to the Headquarters Committee on Contracts. For "internet capacity services", the first contract is estimated to be executed by 31 Dec 2022. For "transponder capacity", all three contracts are expected to be executed by the end of the year. (1) PD C0066 22 (Ultisat Inc) – signed 30 June 2022 (2) O3B SES – estimated to be executed by 1 Oct 2022 (3) Intelsat – Under OLA review estimated to be executed by 31 Dec 2022					
19.	2019	A/74/5 (Vol. II), chap. II, para. 389	The Board recommends that the Administration ensure that heads of field units stay at their posts and remain responsible for the closure of their units.	The Administration stated that the recommendation has been implemented. The Department of Operational Support holds that all measures have been taken at the operational level to address this issue within the current policy framework. The Administration provided the guide for senior leadership on field entity closure and human resources operational guide for entity closures.	The Board considers this recommendation as implemented as the Administration has proposed a satisfactory answer in the mentioned guide.	X			
20.	2019	A/74/5 (Vol. II), chap. II, para. 395	The Board recommends that the Administration ensure that disposals are compliant with regulation 5.14 of the Financial Regulations and Rules of the United Nations and are authorized.	The Administration stated that the policy interpretation and guidance on the disposal of property was promulgated by the Department of Management Strategy, Policy and Compliance on 29 November 2022. The policy has been incorporated into the broader United Nations transition project, which addresses the wider scope of programmatic and resource transition in the context of a field entity closure. Supporting documents have been provided to the Board.	The Board considers the recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
21.	2020	A/75/5 (Vol. II), chap. II, para. 68	The Board recommends that the Administration determine the support account share of after-service health insurance expenditure on the basis of actual costs incurred within peacekeeping operations.	The Administration stated that it finalized the exercise in 2022, and the newly determined apportionment ratio for different funding sources, including the support account, will be considered in the context of the next budget cycle.	The Board considers this recommendation as under implementation.		X		
22.	2020	A/75/5 (Vol. II), chap. II, para. 75	The Board recommends that the Administration determine and provide to the actuary the actual health-care cost-sharing between the United Nations and after-service health insurance beneficiaries to appropriately reflect the United Nations cost shares in the next valuation of the after-service health insurance liabilities.	The Administration added a disclosure to the financial statements explaining the contribution ratios between the share of the Organization and the staff to the United Nations health insurance plans. The Administration provided supporting documents, including decision of the General Assembly on contribution ratio between the Organization and the staff.	The Board discussed the implementation of the recommendation, which has been pending since 2020 and whose application raises long-lasting interpretation difficulties, in particular owing to the fact that after-service health insurance cost-sharing practices between the United Nations and contributors are subject to general principles derived from General Assembly resolutions according to the Administration, which have been detailed. The Board considers that the follow-up to the recommendation in its present formulation has come to an end and considers it as implemented. The Board therefore will consider, in the scope of preparing the 2022/23 financial statements, the adequacy of updated disclosures and the process of providing the actuary with the data necessary to recast or update the assumptions relating to the contributions resulting from the members of the United States-administered plans and the global plan.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
23.	2020	A/75/5 (Vol. II), chap. II, para. 154	The Board recommends that the Administration include provisions, such as liquidated damages, in unmanned aircraft system contracts as a standard that impose additional financial liabilities on the contractor for not meeting the contractual obligations.	The Administration stated that it included the provisions for liquidated damages in the unmanned aerial systems/intelligence, surveillance and reconnaissance contract no. PD/C005/21, signed in September 2021.	The Administration provided a contract that was signed after the recommendation. The Board noted that provisions for liquidated damages were included in this contract, signed in September 2021. The Board considers this recommendation as implemented.	X			
24.	2020	A/75/5 (Vol. II), chap. II, para. 155	The Board recommends that the Administration waive unmanned aircraft systems-related claims, such as liquidated damages, only after officially recorded considerations and authorization by an Assistant Secretary-General.	The Administration stated that, regarding the enforcement or application of any liquidated damages provision set forth in contracts, it again notes that such enforcement/application is, by its nature and in the United Nations longstanding practice, discretionary. This discretion is necessary, in part, given the complexity of issues that normally come into play when dealing with contractors with respect to the enforcement of liquidated damages. A contractor does not normally accept the imposition of liquidated damages without asserting what the contractor believes are mitigating circumstances. The Administration again notes that it would seem impractical for the Administration to seek a waiver with respect to a discretionary remedy from a United Nations official at the level of Assistant Secretary-General given the number of contracts that the Administration manages. Doing so would seem to unnecessarily impede the Administration's efforts of good, efficient contract administration practice, especially in those instances where the financial magnitude at issue is not substantial. That being said, the Administration notes that it already has in place procedures and financial	The Board notes that the Administration has in place procedures and financial thresholds that provide standard guidance regarding when consent from a United Nations official at the level of Assistant Secretary-General is required with respect to matters of contract administration. The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				thresholds that provide standard guidance regarding when consent from a United Nations official at the level of Assistant Secretary-General is required with respect to matters of contract administration.					
25.	2020	A/75/5 (Vol. II), chap. II, para. 175	The Board recommends that the Administration, together with the missions, obtain an independent analysis by a group of experts of whether the current exclusive partnership of having the Mine Action Service with UNOPS is cost-effective and delivering on the missions' mandates and evaluate the benefits of the Mine Action Service implementing a certain share of mine action activities itself, for example, by directly administering third-party agreements through Mine Action Service programme managers in the field.	The Administration stated that the independent review was conducted from May to November 2022. The Secretary-General's report on the findings and that the recommendations of the review will be presented to the General Assembly at its second resumed seventy-seventh session, in May 2023, under the 2023/24 peacekeeping overview agenda.	The Board did not receive any supporting documents and notes that the final resolution of the matter will take place in May 2023. The board considers the recommendation as under implementation.		X		
26.	2020	A/75/5 (Vol. II), chap. II, para. 176	The Board recommends that the Administration include in the new memorandum of understanding with UNOPS clear stipulations on transparency and the provision of supporting documents, on the utilization of existing United Nations contracts and structures, on the consequences of non-compliance and on the UNOPS fee structure.	The Administration stated that it has made substantial progress in the negotiation of the new memorandum of understanding and therefore expects to finalize it by end of 2022, subject to the conclusion of a few remaining clauses, such as a new fee structure proposal from UNOPS, which the Administration is still awaiting.	As the Administration, the Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
27.	2020	A/75/5 (Vol. II), chap. II, para. 189	The Board recommends that missions establish internal controls to ensure that vacant core function posts are occupied without delay and avoid filling these posts with temporary appointments and assignments, except to bridge recruitment periods.	The Administration stated that the process guide on temporary appointments was issued and is available to all missions. The guide references staff rule 4.12, stating that "a temporary appointment is granted for a period of less than one year (up to 364 days) to meet seasonal or peak workloads and short-term requirements…". Various missions, including UNTSO, UNMIK, UNFICYP, MONUSCO, MINUSMA, UNMISS and UNISFA, have provided information to the Board indicating that they have addressed this recommendation. The Administration considers this recommendation to be implemented.	The Board considers this recommendation as implemented.	X			
28.	2020	A/75/5 (Vol. II), chap. II, para. 202	The Board recommends that the Administration ensure that the circumstances according to the administrative instruction be given, documented and signed by staff with the appropriate delegated authority before exceptionally extending temporary appointments beyond 364 days.	The Administration stated that the process guide on temporary appointments provides guidance on exceptional extension of a temporary appointment beyond the period of 364 days, to a maximum of 729 days. The guidance also stresses that entities are responsible for documenting their decisions to extend appointments beyond 364 and up to 729 days and maintain such records for audit purposes.	The Board considers this recommendation as implemented.	X			
29.	2020	A/75/5 (Vol. II), chap. II, para. 209	The Board recommends that the Administration ensure that temporary appointments do not exceed 729 days.	The Administration stated that as acknowledged by the Board in its latest comments, the Business Transformation and Accountability Division has put in place a comprehensive monitoring to capture all cases of temporary appointments extended beyond 729 days. The Division also liaises with entities when such cases are identified and requests them to take corrective actions when the extension beyond 729 days is the result of a calculation	The Board considers this recommendation as implemented, as the Administration has taken measures to implement monitoring measures.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				mistakes and requests them to report all other cases to the Assistant Secretary-General of the Office of Human Resources. The Division has also enhanced the human resources exceptions log to allow the Office of Human Resources to record all cases reviewed/taken note of/approved by the Assistant Secretary-General. As such, the Division considers this recommendation to be implemented. For information, no new case was detected during the second quarter of 2022. During the first quarter of 2022, three cases completed their appointments which had previously been extended beyond 729 days (two for UNAMID that ended on 31 Jan 2022, and one for MONUSCO that ended on 24 Feb 2022, 21 days beyond the authorized maximum).					
30.	2020	A/75/5 (Vol. II), chap. II, para. 275	The Board recommends that the Administration provide training to staff members responsible to ensure the proper recording of fuel data, and regularly monitor and analyse fuel consumption to identify and investigate irregular fuel consumption.	The Administration stated that, in its efforts to implement the recommendation, the Administration has conducted the following activities: (1) When the electronic fuel management system is deployed in a mission, onsite "train the trainers" sessions are part of the deployment process; (2) trainers/electronic fuel management system focal points who have received the "train the trainers" training are responsible to produce the training to other mission staff members. Mission focal points for the electronic fuel management system are in daily contact with the Office of Information and Communication Technology for any kind of support on the system and, in some cases, missions have requested ad hoc training to the Office on the	The Board notes that the administration has organized training in the field. The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				system; (3) To further enhance Headquarters support to missions, Office of Supply Chain Management/Department of Operational Support has developed online training on fuel, including a specific module on fuel theft, which is available to all United Nations staff with a United Nations account (the training portal is available at https://unitednations.sharepoint.com/sites/COP-Fuel_Community-DOS); (4) the Office of Supply Chain Management/Logistics Division has planned to organize one-time refresher training on fuel consumption analysis addressed to all electronic fuel management system trainers. Training will be divided in various sessions along the fourth quarter of 2022 and the first quarter of 2023. Recorded sessions will be uploaded in the fuel community of practice at the disposal of the missions for further training of staff. In view of the above, the Administration considers the recommendation as implemented.					
31.	2020	A/75/5 (Vol. II), chap. II, para. 309	The Board recommends that the Administration establish a United Nations occupational safety and health management system that also includes COVID-19 measures.	The Administration stated that the recommendation is under implementation. The workforce review regarding additional resources provided in February 2022 was completed, but no further progress was made. Therefore, a wider strategic review of implementation of the occupational safety and health management system took place that narrowed the scope of introduction of an occupational safety and health management system to those locations with a professional safety officer to perform key occupational	The Administration has taken an additional step towards the implementation of the recommendation (workforce review). The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				safety and health functions. This revised process is under way, with the first major component (incident reporting system) to be established in missions that meet the criteria by the end of December 2022.					
32.	2021	A/76/5 (Vol. II), chap. II, para. 41	The Board recommends that the Administration perform cross-cutting analyses and workshops with missions to enhance feedback to missions and exchanges between missions, review the number of key controls in risk control matrices, calculate the overall average maturity scale on the basis of the weighted maturity scale of each entity (e.g. budget volume) to determine opportunities for improvement in the statement on internal control, and assess the introduction of an electronic platform.	The Administration stated that, as part of the process for the preparation of the statement on internal control for 2022, cross-sectoral consultative workshops, including with peacekeeping operations, are planned in the latter part of 2022 and early 2023. Key controls reflected in the 2021 risk control matrices are currently under review with the objective of simplifying the framework and reducing the number of controls. In conjunction, the process control module of the SAP governance risk and compliance software is being developed, and the plan is to pilot it in a qualified joint venture in 2022, also with the objective of making the exercise agile for participating entities.	The Board considers this recommendation as under implementation.		X		
33.	2021	A/76/5 (Vol. II), chap. II, para. 51	The Board recommends that the Administration define, in the financial agreements with UNOPS, the hierarchies and reporting lines between UNOPS and the Chiefs of the Mine Action Programme at the missions and expand the Secretariat's internal responsibilities matrix to cover cases in which the Mine Action Service implements mine action activities without UNOPS.	The Administration stated that the financial agreements between UNMAS and UNOPS for the delivery of mine action services for peacekeeping operations in 2022/23 include provisions on the roles and responsibilities of the Chief of the Mine Action Programme, and the UNMAS-UNOPS responsibilities matrix is annexed to the financial agreements. Therefore, the first part of this recommendation is completed. As for the second part of the recommendation: UNMAS must await the outcome of the independent review requested by the	The Board noted that the 2022/23 financial agreements between UNMAS and UNOPS for the delivery of mine action services for peacekeeping operations include the requested provisions. The responsibilities matrix is still to be revised. The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				General Assembly in the 2021/22 budget resolutions for nine peacekeeping operations, endorsing the Board recommendation in para 175 of A/75/5 (Vol. II), to inform changes to its delivery model and revise its internal responsibilities matrix accordingly. UNMAS looks forward to revising the responsibilities matrix to align with strengthened, revised or alternative delivery models that are adequately staffed to deliver on these responsibilities. The target date for implementation of the second part of this recommendation is July 2023 at the earliest, given the need to obtain a mandate for a new or strengthened delivery model from the General Assembly.					
34.	2021	A/76/5 (Vol. II), chap. II, para. 57	The Board recommends that the Administration determine which categories of assets the missions shall provide to UNOPS for mine action projects and exclude them from financial agreements with UNOPS, include provisions on periodic asset reporting by UNOPS that facilitates IPSAS financial reporting in the new memorandum of understanding, and integrate the Chiefs of the Mine Action Programme into the oversight and management of project assets.	The Administration stated that, regarding the first part of the recommendation, UNMAS abides by the memorandum of understanding between the Secretariat and UNOPS on annex 2 stipulations regarding the categories of assets to be provided by missions. In cases where the assets listed in annex 2 are provided by the mission, they are excluded from the financial agreements between UNMAS and UNOPS, and the mission's decision to proceed in this way is documented. Concerning the second part of the recommendation: the Department of Management Strategy, Policy and Compliance is the focal point for asset management, and the revision of the memorandum of understanding between the Secretariat and UNOPS is currently ongoing. The Department has confirmed the inclusion of a provision	The new memorandum of understanding, including a provision on periodic asset reporting and responsibilities, is not yet signed. The Board considers this recommendation as under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				on periodic asset reporting in the draft of the new memorandum of understanding, as recommended by the Board. On the third part of the recommendation: UNMAS has developed a draft standard operating procedure on asset management for mine action programmes, which includes the role of the Chiefs of the Mine Action Programmes. The draft standard operating procedure is being finalized in consultation with the Department of Management Strategy, Policy and Compliance and will be piloted in the fourth quarter of 2022. It is recalled that the Chief is the sole Secretariat staff member in an UNMAS field programme and is responsible for important contributions to the design, implementation and oversight of the programme. Therefore, the piloting of the draft standard operating procedure will entail efforts to establish partnerships with peacekeeping missions and special political missions to avail of their Property Control and Inventory Unit capacities.					
35.	2021	A/76/5 (Vol. II), chap. II, para. 61	The Board recommends that the Administration specify in one central catalogue document which activities fall under the scope of the Mine Action Service.	The Administration provided the Board with the catalogue.	The catalogue is dated 16 January 2023 (more than 6 months after the current reporting period). The Board considers the recommendation as under implementation. It will be counted as implemented in the next reporting period.		X		
36.	2021	A/76/5 (Vol. II), chap. II, para. 74	The Board recommends that the Administration ensure that delegation of authority to any Officers-in-Charge is visible in the delegation of	The Administration stated that in the revised ST/SGB/2019/2/Rev.1, which is in the final review stage, the policy has been modified to indicate that when an officer-in-charge arrangement is put in	The delegation of authority portal has been enhanced but the ST/SGB has not been revised.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			authority portal, and define and codify the delegation of authority for administrative decisions regarding the management of resources, including human resources, for all drawdown and liquidation activities after the Security Council mandate of a mission has ended.	place to assume the function held by an official whose post has become vacant, the authorities are to be delegated to the officer-in-charge in the online portal. The delegation of authority portal had already been enhanced to allow the delegation "in the capacity of officer-in-charge" as part of the latest portal enhancements implemented in September 2021. This functionality is already in use, and the Administration considers this part of the recommendation as closed. The revised ST/SGB also includes a new section on the exercise of temporary delegated authority at the closure of operations of an entity, which clarifies the delegation holder in such scenarios. The Administration will consider this recommendation closed when the revised ST/SGB is published.	The Board considers this recommendation as under implementation.				
37.	2021	A/76/5 (Vol. II), chap. II, para. 81	The Board recommends that the Administration ensure that the administrative instruction on danger pay is complied with and that it is paid only to staff members who are physically present in eligible locations, and that the Administration review the possibility of reclaiming danger pay awarded to non-eligible staff.	The Administration stated that the recommendation has been implemented. Overpayments of danger pay to a value of $113,149 were identified to be recovered from 63 former UNAMID staff members. To date, $57,525 (51 per cent) of this has been collected from staff members who were still in active service within the United Nations, voluntary payments by former staff, or amounts netted off pending repatriation grants that were to be paid. A further $328 is still due from a previous staff member who has been repaying in instalments (with one instalment remaining). The remaining $55,296 (49 per cent) has been written off, as multiple	The Board underlines the efforts of the Administration to recover overpayments. The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				attempts to recover have not been successful, either due to a lack of response to multiple communications (at least three notifications made), promised repayments that have still not been received, or threats to take the organization to the Management Evaluation Unit. A related supporting excel spreadsheet has been uploaded in the designated SharePoint folder.					
38.	2021	A/76/5 (Vol. II), chap. II, para. 95	The Board recommends that the Administration promulgate a human resources downsizing policy for drawdown and liquidation.	The Administration stated that the recommendation is under implementation. The Department of Operational Support holds that all possible measures have been taken at the operational level and within the current policy framework to address the issues that led to this recommendation. The Human Resources Service Division defer to the Department of Management Strategy, Policy and Compliance/Office of Human Resources in regard to the issuance of the downsizing policy, which is outside the purview of the Department of Operational Support.	The Board acknowledges that the Department of Operational Support has taken measures at the operational level and within the current policy framework to address the issues that led to this recommendation. The Board notes that in 2019, the Secretary-General pledged that a downsizing policy was under review and would be promulgated once approved. He targeted implementation for the third quarter of 2019 (see A/73/750, paras. 212–213). The Board notes that the Administration stated that a downsizing policy is still under development (A/76/723, para. 21). Given the pending finalization of the downsizing policy, the Board considers this recommendation as under implementation.		X		
39.	2021	A/76/5 (Vol. II), chap. II, para. 114	The Board recommends that the Administration ensure compliance with the Staff Regulations and Rules of the United Nations to avoid unjustified indemnity payments after	The Administration stated that it did not accept the recommendation. It stated that, pursuant to General Assembly resolution 70/244, Staff Regulation 9.2 had been amended to increase the mandatory age of separation to 65 years effective 1 Jan 2018 for staff members who were on board prior to 1 January 2014. Consequently, staff members	The Board notes that this recommendation was linked to the liquidation of UNAMID. The liquidation is finalized. The Board considers this recommendation as overtaken by events.				X

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			comprehensive placement efforts.	holding permanent or continuing appointments had appointments expiring at age 65 years instead of age 60 or 62 years, as had been the case prior to the increase in the mandatory age of separation. The appointment end date was legally binding on the Organization. In the event that the appointments of these staff members were foreshortened by the Organization at any time prior to the expiration date, including between the ages of 60 or 62 but before 65 years, for example, due to post abolishment or a reduction in staff, such action represented a termination initiated by the Organization. In such instances, the Organization was legally obligated to offer appropriate compensation in the form of termination indemnity to compensate for the premature ending of the contract prior to completion of its full term. Likewise, the Organization may enter into agreed termination with a staff member when it considered it in the interest of the good administration of the Organization including with staff members in the aforementioned category.					
40.	2021	A/76/5 (Vol. II), chap. II, para. 121	The Board recommends that the Administration pay enhanced indemnity only after considering each case individually.	The Administration stated that the recommendation has been implemented. The process guide on agreed termination reiterates the need for case-by-case review and includes a memorandum of understanding template in its annex, along with conditions for its usage. The Administration provided the process guide on agreed termination.	The Board notes that this recommendation was linked to the liquidation of UNAMID. The liquidation is finalized. The Board considers this recommendation as implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
41.	2021	A/76/5 (Vol. II), chap. II, para. 134	The Board recommends that the Administration establish a centralized analysing and enforcing function to perform cross-cutting analyses of missions' and services centres' property, plant and equipment and inventory holdings to achieve economies of scale; to identify potential surplus holdings and initiate corrective action; to ensure continuing management of asset disposal; and to eliminate disadvantages for missions and services centres such as bearing transport costs when sharing surplus assets.	The Administration stated that the recommendation is under implementation. Existing resources from within GSC have been consolidated to create a global material lifecycle management team. This team is developing a business case on strategic assets management that will be the guiding principle for the centralized role.	The guidelines on the centralized role of services centres are still a work in progress. The Board considers this recommendation as under implementation.		X		
	Total number of recommendations				**41**	**19**	**21**	**0**	**1**
	Percentage of the total number of recommendations				**100**	**46**	**51**	**0**	**2**

Chapter III
Certification of the financial statements

Letter dated 28 September 2022 from the Controller addressed to the Chair of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2021 to 30 June 2022 have been prepared in accordance with financial regulation 6.1 of the Financial Regulations and Rules of the United Nations.

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

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

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

Chapter IV

Financial report on the United Nations peacekeeping operations for the period from 1 July 2021 to 30 June 2022

A. Introduction

1. The Secretary-General has the honour to submit the financial report on the United Nations peacekeeping operations for the financial year ended 30 June 2022.

2. The accounts of the United Nations peacekeeping operations are presented in five financial statements and the accompanying notes that provide a summary of significant accounting policies as well as explanations of the amounts presented in the financial statements.

3. The present financial report is designed to be read in conjunction with the financial statements of the United Nations peacekeeping operations, as described in paragraph 2 above. The financial report presents an overview of the consolidated position and performance of the peacekeeping operations, highlighting trends and significant movements.

B. Governance

4. The United Nations peacekeeping operations are established by the Security Council, which has primary responsibility for the maintenance of international peace and security pursuant to Article 24 of the Charter of the United Nations. Once they are established, the Council monitors missions through periodic reviews, adjusting, amending or terminating mandates, as appropriate. Heads of peacekeeping missions are appointed by the Secretary-General: a civilian Special Representative of the Secretary-General, in the case of a multidimensional mission, or a military Force Commander, where the military is the primary component of a mission. Currently, peacekeeping missions are routinely mandated to, inter alia, facilitate the implementation of a peace agreement or support a peace process, protect civilians, promote human rights and the rule of law and enhance the participation of women and youth in political processes.

5. The General Assembly plays a key role in the financing of peacekeeping operations. The Assembly approves budget appropriations, which are apportioned on all Member States on the basis of a special scale of assessments for peacekeeping operations. The Assembly, through its Administrative and Budgetary Committee (Fifth Committee), approves and oversees the budget for peacekeeping operations on the basis of detailed budget proposals, submitted annually (for the following year, 1 July to 30 June) by the Secretary-General.

C. Overall trend and environment

6. As at 30 June 2022, there were 12 active peacekeeping operations, including UNAMID, which completed physical liquidation and closure activities since the termination of its mandate on 31 December 2020. The Security Council has not established any new peacekeeping mission since 2017 and, in recent years, has terminated the mandates of four peacekeeping missions, namely, UNOCI, UNMIL, MINUJUSTH and UNAMID. Continuing peacekeeping operations maintain the critical contribution of the United Nations, operating in complex political and security environments. In certain countries hosting peacekeeping missions, peace processes have not translated into full implementation. In others, peacekeeping operations have

faced the resumption of tensions and conflict, asymmetrical threats or challenging mandates to protect civilians.

External environment and trend

7. The United Nations peacekeeping operations were universally affected by the COVID-19 pandemic. Set against this global disruption, peacekeeping operations took steps to ensure that United Nations personnel did not become vectors of infections in host countries. Peacekeeping operations also supported United Nations country team efforts to operationalize national vaccination programmes and campaigns promoting safety precautions, as well supporting national authorities in strengthening clinical response capacities.

8. During the 2021/22 period, the spread and risk posed by the COVID-19 pandemic were reduced compared with the previous two periods. For most peacekeeping missions, mandated substantive activities that had been affected by national and mission-wide restrictions in previous periods were resumed to almost pre-pandemic levels. However, there were exceptions that saw an increased number of COVID-19 cases, which had an impact, for example, on training activities and the ability of mission personnel to travel within and outside the mission area. Nonetheless, 2021/22 saw direct results from continuous and coordinated efforts with national authorities, and the United Nations country teams and missions continued to work closely with United Nations agencies, funds and programmes to provide continued assistance to provide humanitarian access to populations.

9. An indirect effect of the pandemic was the severe disruption to the global supply chain. In 2021/22, the delivery of cargo was delayed, in particular owing to the unavailability of sea containers. Prices of supplies in general and especially lifeline commodities, including fuel and food, increased significantly. The COVID-19 pandemic and the global supply chain disruption severely delayed the delivery of critical supplies along the main supply routes and increased delivery times. These challenges affected the ability of some missions to move cargo and conduct transportation operations.

Internal environment and trend

Action for Peacekeeping Plus

10. In March 2018, the Action for Peacekeeping initiative was initiated to refocus peacekeeping operations through the Declaration of Shared Commitments on United Nations Peacekeeping Operations, with eight thematic areas of commitment. In March 2021, the follow-up Action for Peacekeeping Plus was launched for the 2021–2023 period, after an assessment of the initial Action for Peacekeeping initiative.

11. The Action for Peacekeeping Plus initiative serves to strengthen the impact and effectiveness of peacekeeping operations by integrating seven key peacekeeping priority areas: (a) collective coherence behind a political strategy; (b) strategic and operational integration; (c) capabilities and mindsets; (d) accountability to peacekeepers; (e) accountability of peacekeepers; (f) strategic communications; and (g) cooperation with host countries. In addition, it has two cross-cutting themes integrated throughout, namely, data-driven, technology-enabled peacekeeping; and women and peace and security. The Secretariat has developed a focused plan for the initiative and will establish a monitoring framework to assess progress towards achieving these priorities. The plan focuses only on a few deliverables to enable progress in priority areas, in turn enabling progress on the broader programme of work. All other deliverables continue to remain relevant and to be actioned.

Partnerships with the European Union, the African Union and the Joint Force of the Group of Five for the Sahel

12. Peacekeeping operations have worked alongside other institutional partners, including the African Union and the European Union, as well as coalitions such as the Joint Force of the Group of Five for the Sahel. The latter is an intergovernmental cooperation framework created in 2014 through an initiative of the African Union. It is intended to promote security and support development in the Sahel with a view to opening up the region to, among others, development and investment.

13. The United Nations and the European Union work side by side in the Central African Republic and Somalia, as well as in Kosovo,[1] and in support of the Joint Force of the Group of Five for the Sahel. The agreement between the United Nations and the European Union for the provision of mutual support provides an overarching framework for the provision of operational support services in response to unfolding crises.

14. The highly volatile political and security situation in the Sahel region provided challenges for the effectiveness of the Joint Force of the Group of Five for the Sahel during the period. Furthermore, one of the five members of the Group decided to withdraw from it, as announced in May 2022. However, the United Nations, through MINUSMA, continued to support the work of the Joint Force.

Strengthened performance and accountability

15. The Organization has increased the use of Umoja Extension 2 applications, including the strategic planning, budget formulation and performance management solution. For the 2021/22 period, peacekeeping operations used the strategic management application module for budget preparation, and an increasing number of peacekeeping missions have also used the module to provide periodic updates on the status of programmatic implementation. Regular in-year performance management supports the delegation of authority, in particular effective decision-making on substantive programme delivery. In future periods, all peacekeeping operations will be required to use the strategic management application module for in-year monitoring of mandate delivery.

16. Budget formulation for peacekeeping operations is placing greater focus on impact-oriented results and aligning the impact to the prioritization and sequencing of mandated tasks and to changing opportunities and challenges. To this end, missions have been drawing on the results framework developed as part of the Comprehensive Planning and Performance Assessment System, which has now been launched in all peacekeeping operations and is helping missions to conduct more flexible and responsive planning, assess their collective impact through regular performance assessments and strengthen evidence-based reporting to Member States.

Statement on internal control

17. The strengthening of a Secretariat-wide internal control framework is a key element of the Secretary-General's management reform initiative, in particular given the significant change in the business model of the Secretariat derived from the enhanced delegation of authority framework. To this end, the Organization continued efforts towards the implementation of a statement on internal control as a key enabler of the Secretary-General's management reform.

18. The statement is based on the Internal Control – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission, and its scope

[1] References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999).

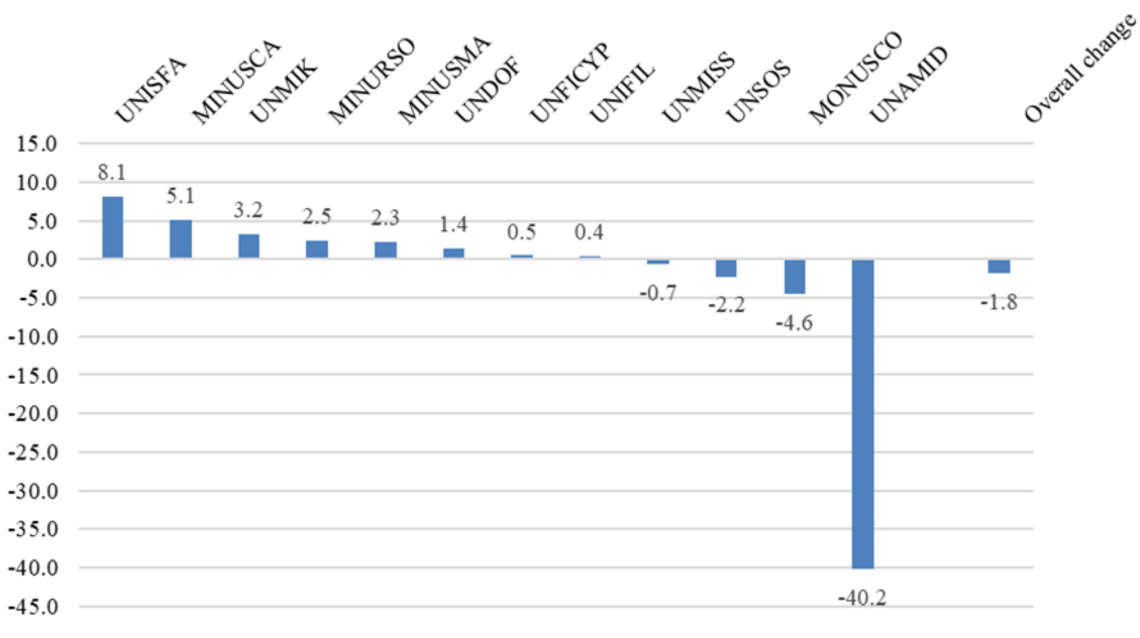
has been widened to include operational and compliance objectives. Pursuant to the statement, every entity is required to conduct a self-assessment of the effectiveness of its internal controls on the basis of detailed activity-level controls, and the head of each entity attests to the results.

19. The second iteration of the statement on internal control for all operations of the Secretariat for 2021 was signed by the Secretary-General in June 2022. A collective review of the results of the entities' assessments formed the basis for the statement. Opportunities for improvement in areas such as the monitoring of programme and project implementation, property management processes and cybersecurity were noted as a result of the review.

D. Mission mandates and trend of expenditure

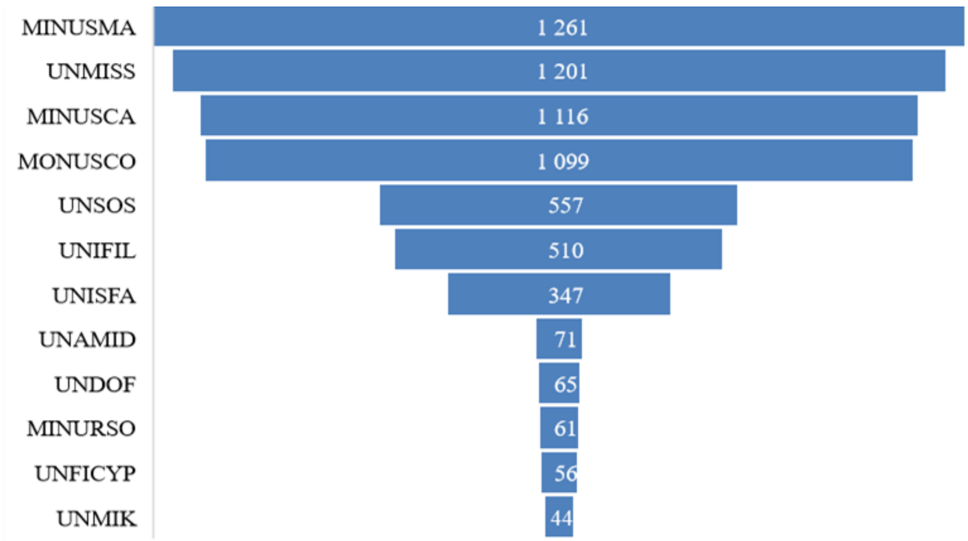
20. From 2019/20 to 2021/22, the aggregate budgetary expenditure of the 12 active peacekeeping missions declined by an average of 1.8 per cent annually. The corresponding change observed in the previous three-year period (2018/19 to 2020/21) was a decline of 2.5 per cent. Figure IV.I presents the average annual percentage change in budgetary expenditure in the most recent three-year period. Figure IV.II shows active missions by size of expenditure as reported in statement V.

Figure IV.I
Trend in expenditure of active missions, 2019/20 to 2021/22
(Percentage)



Source: Statement V.

Figure IV.II
Order of active missions by size of expenditure, 2021/22
(Millions of United States dollars)



Source: Statement V.

United Nations Interim Administration Mission in Kosovo

21. UNMIK was established by the Security Council in its resolution 1244 (1999). In 2021/22, UNMIK continued its strategic objective by monitoring, reporting and supporting progress towards the long-term normalization of relations between Belgrade and Pristina; promoting intercommunity trust-building; providing support in the areas of human rights and the rule of law; fulfilling its coordination and facilitation roles; and advancing the peace and security agendas relating to women and youth. Expenditure for UNMIK increased 3.2 per cent annually on average during the three most recent years. In 2021/22, expenditure grew by 2.7 per cent compared with the previous year, owing mainly to higher civilian personnel costs.

United Nations Mission for the Referendum in Western Sahara

22. MINURSO was established in April 1991 in accordance with settlement proposals for a mutually acceptable political solution, which would provide for the self-determination of the people of Western Sahara. During the 2021/22 period, the Mission continued implementation of Security Council resolutions 2548 (2020) and 2602 (2021), which included monitoring the parties' activities through ground and air patrols conducted by military observers and contributing to achieving a just, lasting and mutually acceptable political solution to the question of Western Sahara by providing an environment conducive to the efforts of the Personal Envoy of the Secretary-General for Western Sahara. Expenditure for MINURSO increased 2.5 per cent annually on average during the three most recent years. In 2021/22, however, it decreased by 0.4 per cent, owing mainly to a 26.9 per cent decrease in facilities and infrastructure expenditure.

United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

23. MINUSCA was established in 2014 to improve the political, security and institutional conditions by reducing the threat of armed groups through a comprehensive approach and robust posture. The complex security environment persisted during the

2021/22 period, which was marked by violence and political tensions. The strategic review meeting held in June 2022 on the operationalization of the road map adopted by the International Conference on the Great Lakes Region in September 2021 represented an important milestone in the revival of the peace process, although the Coalition des patriotes pour le changement continued attempts to undermine it. Expenditure for MINUSCA increased 5.1 per cent annually on average during the three most recent years. Expenditure for 2021/22 increased by 11.1 per cent compared with the previous year, owing primarily to the strengthening of uniformed personnel to 15,678 from 13,520, pursuant to Security Council resolution 2566 (2021), in which the Council increased the authorized size of the Mission's military and police components in response to the deterioration of the situation in the Central African Republic owing to armed group attacks in advance of and following the election of 27 December 2020.

United Nations Mission in South Sudan

24. UNMISS was established in 2011 to consolidate peace and security and establish the conditions for development in South Sudan, which had become a new country after more than 20 years of civil war in the Sudan. During the 2021/22 period, UNMISS continued to prioritize the three-year strategic vision set out in Security Council resolution 2567 (2021) and reaffirmed in Council resolution 2625 (2022). The implementation of the Revitalized Agreement on the Resolution of the Conflict in the Republic of South Sudan remained significantly behind schedule. Nonetheless, progress was observed in the completion of the screening of the necessary unified forces and the agreement by parties to the peace agreement on the command-and-control structure, as well as public consultations for the establishment of the Commission for Truth, Reconciliation and Healing at the subnational level, which represented a significant milestone in the transitional justice process. Expenditure for UNMISS decreased 0.7 per cent annually on average during the three most recent years. Expenditure for 2021/22 decreased by 4.5 per cent compared with the previous year, owing mainly to a 33.6 per cent decrease in facilities and infrastructure expenditure resulting from the postponed implementation of construction projects in the light of chronic supply chain challenges, coupled with extraordinary and persistent flooding that hampered mobilization.

United Nations Multidimensional Integrated Stabilization Mission in Mali

25. MINUSMA was established in 2013 to stabilize Mali following the eruption of civil war and a coup d'état in 2012. The Mission has operated in a high-risk environment to support the implementation of the Agreement on Peace and Reconciliation in Mali signed in 2015. The 2021/22 period was marked by differences among Malian stakeholders and between the transitional Government and ECOWAS over the timeline of the political transition towards the holding of democratic elections. The Mission continued to work on its two strategic priorities: (a) to provide support to the implementation of the Agreement; and (b) to facilitate the implementation by Malian actors of a comprehensive, inclusive, politically focused strategy which addresses the root causes and drivers of violent conflict, protects civilians, reduces intercommunal violence, and re-establishes State presence and authority as well as basic social services in central Mali.

26. During the 2021/22 period, the security situation remained complex and diverse, and a significant deterioration of the situation was observed in certain locations. In addition, important changes were announced with regard to the international security cooperation architecture in Mali and the Sahel region. On 9 January 2022, sanctions were imposed on the host Government by ECOWAS after the timeline for the elections and the return to constitutional order were delayed by the transitional Government. The immediate impact of those sanctions involved the Mission's

financial transactions in the local currency, including payments to national staff, international staff from ECOWAS countries, international staff (in terms of the local portion of their salaries), local vendors, implementing partners and national individual contractors. MINUSMA collaborated with RSCE and United Nations Headquarters to mitigate the operational impact of the sanctions on the Mission. The sanctions also led to a reciprocal response by the host Government, which closed its land and air borders with ECOWAS countries. The closure of the borders affected the Mission's logistics, movement control, aviation and transportation operations.

27. Expenditure for MINUSMA increased 2.3 per cent annually on average during the three most recent years. Expenditure for 2021/22 increased by 5.9 per cent compared with the previous year, owing mainly to a 25.8 per cent increase in fuel and lubricants costs, a 12.2 per cent increase in air transportation costs and increases in uniformed and civilian personnel costs of 2.5 per cent and 8.5 per cent, respectively.

United Nations Disengagement Observer Force

28. UNDOF was established by the Security Council in its resolution 350 (1974) to maintain the ceasefire between Israel and the Syrian Arab Republic following the Agreement on Disengagement between Israeli and Syrian Forces adopted in 1974 by the parties. During the 2021/22 period, UNDOF continued to carry out its mandated tasks by maintaining visibility of the area of separation and the ceasefire line from its positions in the area of separation. Expenditure for UNDOF increased 1.4 per cent annually on average during the three most recent years, owing to the completion of the return of the Force to its full operational capabilities on the Bravo side. Expenditure for 2021/22 increased by 1.5 per cent compared with the previous year, owing mainly to higher fuel and lubricants costs.

United Nations Interim Security Force for Abyei

29. UNISFA was established in 2011 to support implementation of the Agreement between the Government of the Republic of the Sudan and the Sudan People's Liberation Movement on temporary arrangements for the administration and security of the Abyei Area, allowing for the redeployment of government and rebel forces and ensuring the protection of civilians and support for the peaceful administration of the Abyei Area and the border verification and demilitarized zone. A critical endeavour for the 2021/22 period was the tasking of UNISFA, in October 2021, to reconfigure from being a single troop-contributing country-based force to having multinational contingents from eight troop-contributing countries under a new mission leadership. In addition to fulfilling the complex tasking of military and police components, UNISFA continued to replace ageing and hazardous military personnel accommodations, as well as sustaining the overall maintenance and enhancement of essential camp structures to ensure the welfare of its personnel. UNISFA continued to strengthen its in-house construction capacity in support of force mobility. Expenditure for UNISFA increased 8.1 per cent annually on average during the three most recent years. Expenditure for 2021/22 increased by 22.8 per cent compared with the previous year, owing mainly to increases in uniformed personnel costs.

United Nations Interim Force in Lebanon

30. UNIFIL was established in 1978 with a mandate to confirm the withdrawal of Israeli forces from Lebanese territory and assist the Government of Lebanon in ensuring the return of its effective authority in the southern part of the country. During the 2021/22 period, the security situation in the greater Middle East region remained unstable, with developments in the Syrian Arab Republic, Israel and the Occupied Palestinian Territory having an impact on Lebanon and the stability of the Blue Line. Furthermore, the economic crisis in Lebanon brought unprecedented challenges for its

population, as well as its State institutions, including the Lebanese Armed Forces, which affected mandate delivery. In line with the recommendations of the Secretary-General to further increase the efficiency and effectiveness of UNIFIL, the Force began to leverage efficiencies in its military capabilities and its civilian staffing component identified in recent internal reviews, despite global pressures on the utilization of financial resources. Expenditure for UNIFIL increased 0.4 per cent annually on average during the three most recent years. Expenditure for 2021/22 increased by 1.9 per cent compared with the previous year, owing to a 6.8 per cent increase in civilian personnel costs and an 87.2 per cent increase in fuel and lubricants costs.

United Nations Peacekeeping Force in Cyprus

31. UNFICYP was established by the Security Council in its resolution 186 (1964) to prevent the recurrence of fighting between the Greek Cypriot and Turkish Cypriot communities and to contribute to the maintenance and restoration of law and order. After the hostilities of 1974, the Force was mandated to ensure peace and security in Cyprus and a return to normal conditions. During the 2021/22 period, UNFICYP continued to supervise ceasefire lines, maintain a buffer zone, facilitate humanitarian activities and support the political process. It also supported intercommunal activities, implementing confidence-building measures and promoting trust between the Greek Cypriot and Turkish Cypriot communities. In its resolution 2618 (2022), the Security Council urged the sides to renew their efforts to achieve an enduring, comprehensive and just settlement based on a bicommunal, bizonal federation with political equality, as set out in relevant Security Council resolutions. In the absence of ongoing negotiations to reach a comprehensive settlement of the Cyprus issue and limited intercommunal contacts and cooperation between the sides, tensions between the two communities increased. As a result, more violations of the ceasefire in and around the buffer zone were reported.

32. The Force started several critical infrastructure projects, including the upgrading of the electricity systems at three observation positions, the completion of the United Nations Protected Area flight perimeter fence, construction projects to boost bicommunal activities and the expansion of the closed-circuit television cameras infrastructure in the buffer zone to enhance security around the United Nations Protected Area. Expenditure for UNFICYP increased 0.5 per cent annually on average during the three most recent years. Expenditure for 2021/22 increased by 1.1 per cent compared with the previous year, mainly attributable to a 31.8 per cent increase in ground transportation costs, including the increased acquisition of vehicles and higher fuel costs.

United Nations Support Office in Somalia

33. UNSOS was established in 2009 to provide logistical support to AMISOM. Over the years, the Office’s support package increased to keep pace with the expansion of AMISOM operations, and then gradually reduced from 2017 onwards. During the 2021/22 period, UNSOS continued to provide logistical support to a maximum strength of 19,636 AMISOM uniformed personnel and Somalia security forces. The Office was also mandated to provide administrative and logistical support to UNSOM to enable it to strengthen its presence in all regions of Somalia. On 31 March 2022, the Security Council adopted resolution 2628 (2022) endorsing the decision of the Peace and Security Council of the African Union to reconfigure AMISOM into the African Union Transition Mission in Somalia and requested the Secretary-General, in consultation with the African Union and the Federal Government of Somalia, to develop an appropriate logistical support plan.

34. Expenditure for UNSOS decreased 2.2 per cent annually on average during the three most recent years. Expenditure for 2021/22 decreased by 1.7 per cent compared with the previous year, owing mainly to lower costs of the combat ration packs and

reduced freight costs for movement of contingent-owned equipment, as well as the non-serviceability of contingent-owned major equipment, the delayed rotation of African Union military contingents and the non-deployment of a formed police unit.

United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

35. MONUSCO was established in 2010. During the most recent period, the Mission maintained six field offices in the eastern region, which was affected by significant levels of armed conflict, and the Kasai region, where there has been a significant reduction in intercommunal violence and where the Mission was engaged in developing institutional capacities for the transfer of its roles and responsibilities to the host Government, supported by the United Nations country team and relevant partners. In this context, MONUSCO closed its presence in Kalemie on 30 June 2022, which added to the closure of its office in Kananga and its sub-offices in Kindu and Tshikapa in June 2021, the previous year. Expenditure for MONUSCO decreased 4.6 per cent annually on average during the three most recent years. However, expenditure for 2021/22 increased by 1.7 per cent compared with the previous year owing to the higher level of deployment of military and police personnel and the rotation of military contingents after pandemic-related travel restrictions were lifted. In addition, outstanding claims from 2016 to 2021 for additional contingent-owned equipment for one formed police unit were paid during the period.

African Union-United Nations Hybrid Operation in Darfur

36. UNAMID was established in 2007 to advance peace and security in Darfur. The Security Council mandate for UNAMID ended on 31 December 2020. Subsequently, UNAMID undertook the physical closure and liquidation activities, which continued through the 2021/22 period and were completed by 30 June 2022. Residual administrative and financial accounting liquidation activities have been handed over to RSCE, UNLB and United Nations Headquarters. UNAMID activities were partially handed over to a special political mission (UNITAMS) and to the United Nations country team. The objective of UNITAMS is to support the democratic transition in the Sudan through a range of political, peacebuilding and development initiatives. As a special political mission, UNITAMS expenditure is reported in the financial statements of the United Nations, volume I.

E. Overview of the financial statements

37. The financial statements of the United Nations peacekeeping operations comprise five statements and accompanying notes to the financial statements. The statement of financial position, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts are accompanied by notes that explain the accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

38. These statements present the financial results of peacekeeping operations, comprising 12 active peacekeeping operations, 34 closed missions and 6 groups of support activities, and the financial position as at 30 June 2022.

Liquidity

39. The liquidity assessment reviews the adequacy of cash assets at a mission’s disposal to settle its immediate obligations at a certain point in time. Cash assets comprise cash, cash equivalent and cash pool investments, both current and long-term.

40. Table IV.1 summarizes the ratio of cash assets to current liabilities for active peacekeeping missions as a measure of liquidity. There was a slight decrease in the liquidity of active missions, compared with the previous year. The decrease in the liquidity ratio is attributed to the decrease in cash assets ($27.1 million, or 3.2 per cent) and the increase in current liabilities ($167.3 million, or 7.8 per cent). The decrease in cash assets is attributable mainly to the decrease in the payables to Member States by $49.5 million. The increase in current liabilities is due mainly to the increase in advance receipts by $329.4 million.

41. Recurring cash shortages in MINURSO, UNMIK and UNSOS persisted during the 2021/22 period, and the liquidity of UNISFA was low in June 2022. The four missions borrowed from MINUSMA during the period. The loans payable as at 30 June 2022 in MINURSO, UNMIK, UNSOS and UNISFA amounted to $15.0 million, $32.5 million, $25.0 million and $40.0 million, respectively (2020/21: $10.0 million, $32.5 million, $40.0 million and none). There was a cash shortage in UNMISS in June 2022, and the Mission had to raise a new loan of $40 million from MONUSCO and a new loan of $40 million from UNIFIL. The total outstanding cross-borrowings as at 30 June 2022 amounted to $192.5 million (2020/21: $82.5 million).

Table IV.1
Ratio of liquid assets to current liabilities as at 30 June 2022: active missions
(Millions of United States dollars)

			Ratio of liquid assets to current liabilities	
	Cash assets	*Current liabilities*	*30 June 2022*	*30 June 2021*
UNFICYP	10.3	10.9	0.94	0.98
UNDOF	17.5	16.5	1.06	1.20
UNIFIL	92.2	187.9	0.49	0.76
MINURSO	6.9	27.0	0.26	0.09
UNMIK	4.3	39.9	0.11	0.09
MONUSCO	154.1	409.8	0.38	0.40
UNAMID	18.5	139.4	0.13	0.30
UNSOS	38.1	187.3	0.20	0.02
UNISFA	21.5	118.8	0.18	0.52
UNMISS	86.4	397.0	0.22	0.15
MINUSMA	202.1	465.1	0.43	0.48
MINUSCA	156.1	312.0	0.50	0.56
Total	**808.0**	**2 311.6**	**0.35**	**0.39**

42. With respect to the support activities segment, the ratio of cash assets to current liabilities increased from 2.70 as at 30 June 2021 to 2.96 as at 30 June 2022.

Net assets

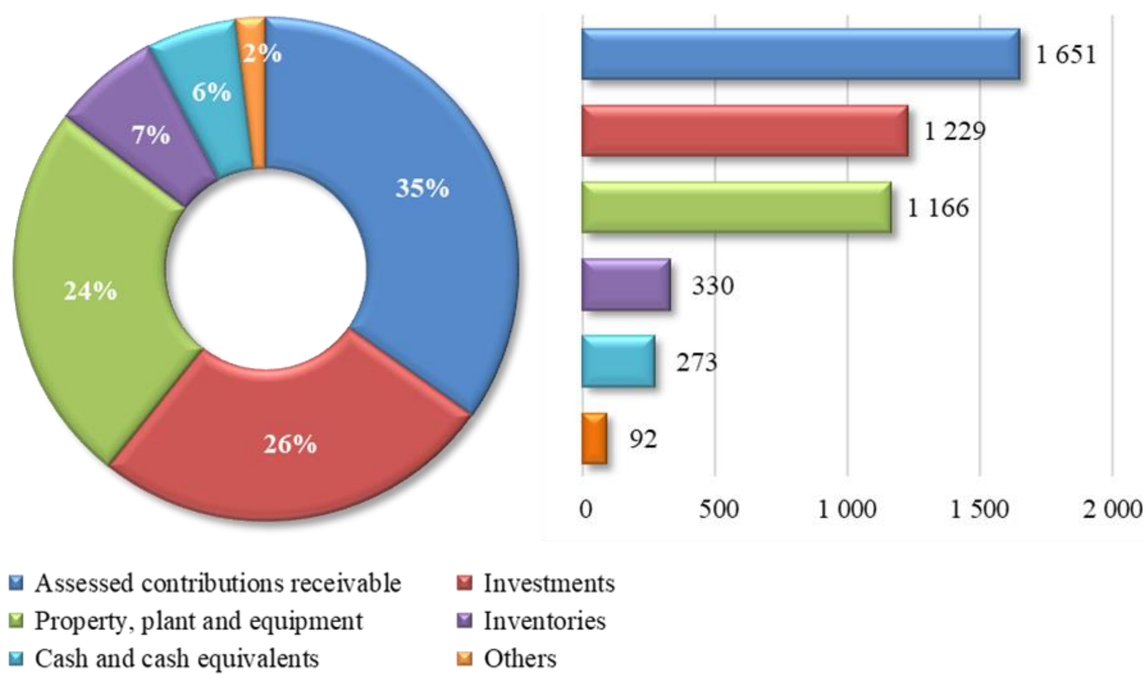
43. Net assets of $725.5 million as at 30 June 2022 consisted of an accumulated surplus of $464.1 million, a restricted accumulated surplus of $111.4 million and reserves of $150.0 million. Net assets increased in 2021/22 by $332.2 million (84.5 per cent increase), from $393.3 million as at 30 June 2021. The increase was due to an actuarial gain of $654.6 million on employee benefits liabilities, offset in part by a deficit in operations of $322.4 million for the period.

Assets

44. The total assets of peacekeeping operations decreased in 2021/22 by $157.0 million (3.2 per cent decrease), from $4,897.2 million to $4,740.2 million. Assessed contributions receivable decreased by $109.4 million (6.2 per cent decrease), from $1,760.4 million to $1,651.0 million; investments decreased by $97.1 million (7.3 per cent decrease), from $1,325.8 million to $1,228.7 million; and property, plant and equipment decreased by $81.2 million (6.5 per cent decrease), from $1,247.6 million to $1,166.4 million. The decrease was offset in part by an increase in cash and cash equivalents of $143.2 million (110.5 per cent increase), from $129.6 million to $272.8 million, and an increase in other assets of $8.3 million (23.7 per cent increase).

45. Figure IV.III presents the structure of the assets of peacekeeping operations totalling $4,740.2 million as at 30 June 2022. The assets mainly comprised assessed contributions receivable of $1,651.0 million (34.8 per cent); investments of $1,228.7 million (25.9 per cent); and property, plant and equipment of $1,166.4 million (24.6 per cent).

Figure IV.III
Assets of peacekeeping operations as at 30 June 2022
(Millions of United States dollars and percentage)



Property, plant and equipment

46. Figure IV.IV presents the composition of peacekeeping operations' property, plant and equipment by asset class and figure IV.V presents the composition by mission.

Figure IV.IV
Property, plant and equipment
(Millions of United States dollars and percentage)

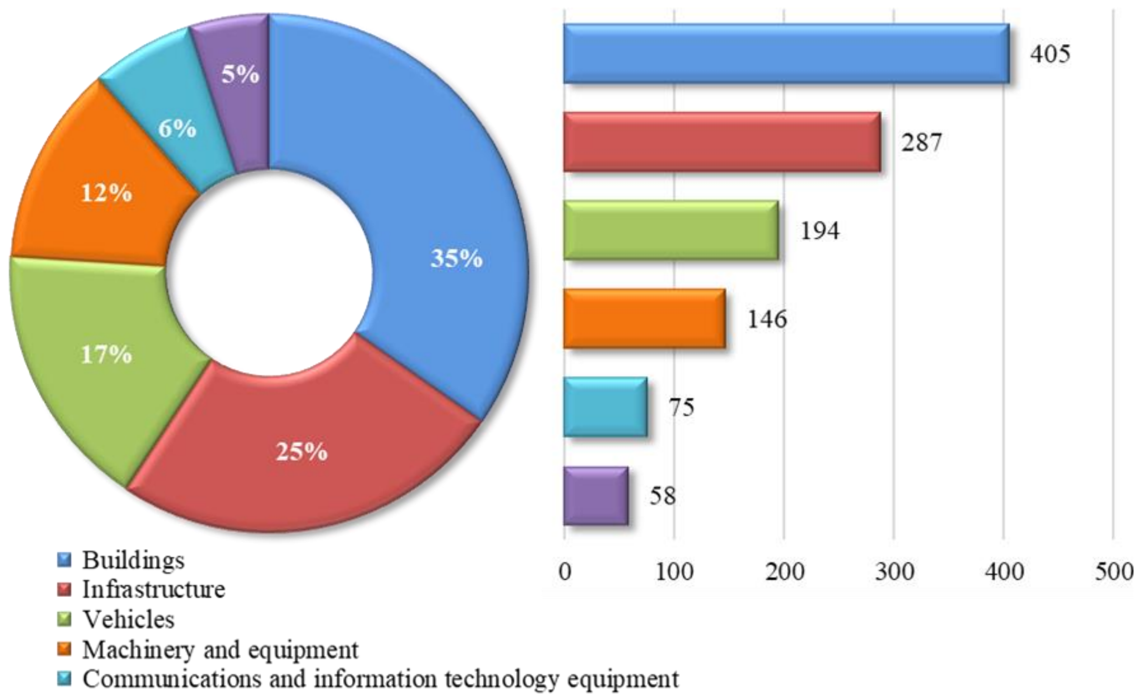
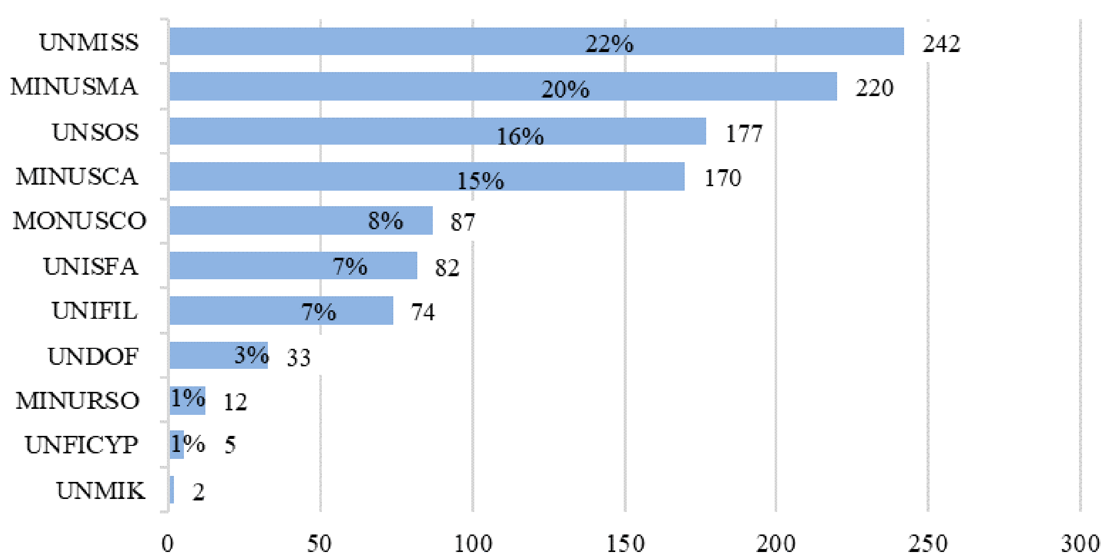


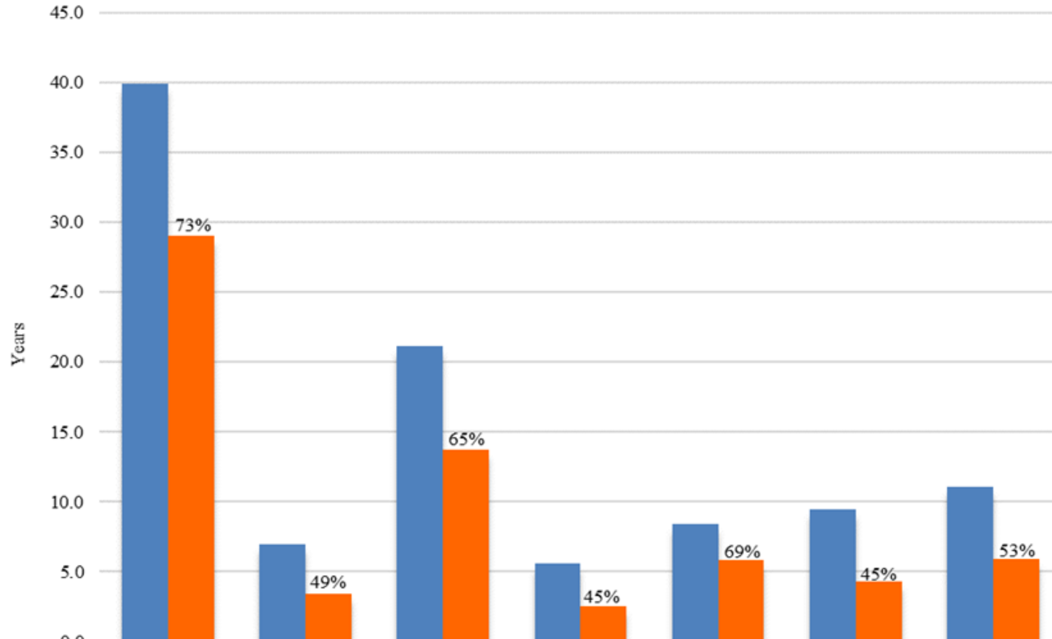
Figure IV.V
Property, plant and equipment by active mission
(Millions of United States dollars and percentage)



Note: During the period, UNAMID completed disposition of all its property, plant and equipment as part of its liquidation process.

47. The remaining years of useful life as a percentage of the standard useful life of asset classes are shown in figure IV.VI. Communications and information technology equipment and machinery and equipment have a low percentage (45 per cent for both asset classes), which indicates a material presence of long-lived assets.

Figure IV.VI
Average remaining useful life of property, plant and equipment
(Years and percentage)



	Buildings – fixed	Buildings – temporary and mobile	Infrastructure	Communications and information technology equipment	Furniture and fixtures	Machinery and equipment	Vehicles
Standard	39.9	7.0	21.1	5.6	8.4	9.5	11.1
Remaining	29.0	3.4	13.7	2.5	5.8	4.3	5.9
Remaining as a percentage of standard	73%	49%	65%	45%	69%	45%	53%

Inventory

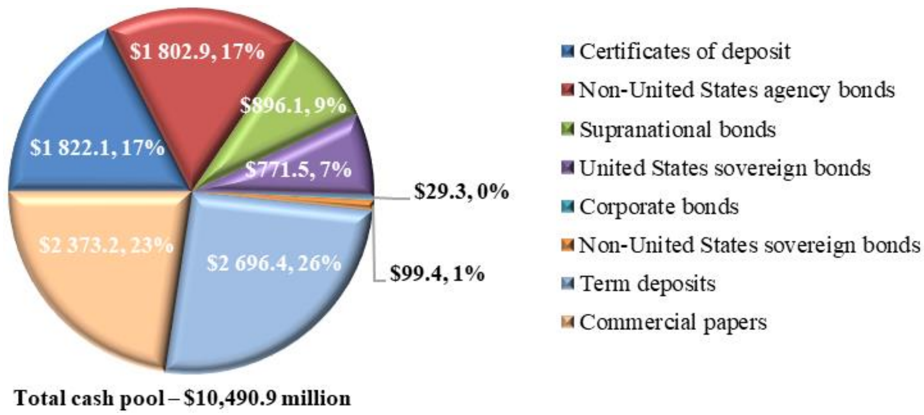
48. Peacekeeping operations have continued to make progress in inventory management activities, such as improvements in inventory valuation and the reduction in the use of generic product codes in the procurement process. Increased accuracy in inventory records continues to lead to improvements in the management and financial reporting of inventory. Inventory holding levels decreased in 2021/22 by $16.9 million (4.9 per cent decrease), to $329.7 million.

Cash, cash equivalents and investments

49. As at 30 June 2022, peacekeeping operations held cash, cash equivalents and investments of $1,501.6 million, which was $46.1 million higher (3.2 per cent increase) than the balance held at the end of the 2020/21 period.

50. The cash pools consisted of investments in certificates of deposit, liquid bonds (issued by Governments and government agencies), commercial papers and term deposits (see figure IV.VII). The investments were presented at fair value with the relevant gains or losses recorded in the statement of financial performance. In 2021/22, peacekeeping operations' share of losses was $5.0 million (2020/21: $10.0 million share of earnings).

Figure IV.VII
Main cash pool investments by instrument type
(Millions of United States dollars and percentage)



51. The Organization's exposure to credit risks, liquidity risks and market risks with respect to its investment portfolios is considered low.

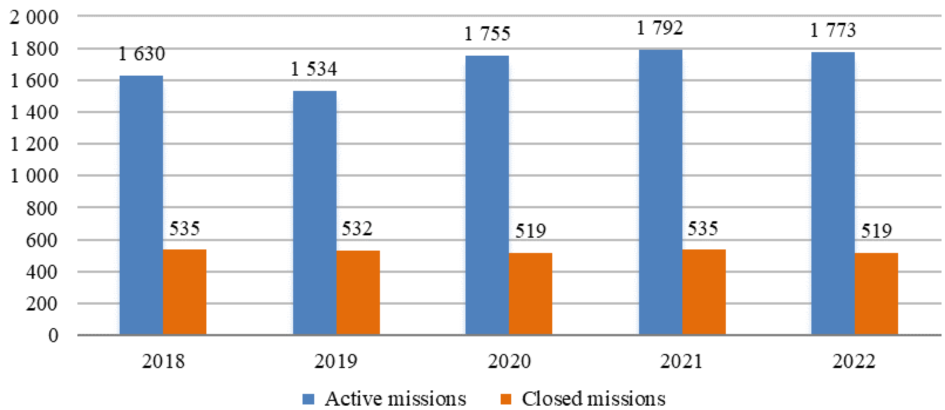
Status of assessed contributions receivable

52. Assessed contributions receivable decreased by $109.4 million (6.2 per cent decrease), from $1,760.4 million as at 30 June 2021 to $1,651.0 million as at 30 June 2022. Table IV.2 illustrates the status of unpaid assessments and figure IV.VIII shows the trend in unpaid assessments.

Table IV.2
Assessed contributions receivable
(Millions of United States dollars and percentage)

	30 June 2022	*30 June 2021*	*Percentage increase/(decrease)*
Active missions			
Assessed contributions receivable	1 773.3	1 791.7	(1.0)
Allowance for doubtful receivables	(122.3)	(57.4)	113.1
Closed missions			
Assessed contributions receivable	518.5	534.7	(3.0)
Allowance for doubtful receivables	(518.5)	(508.6)	1.9
Total	**1 651.0**	**1 760.4**	**(6.2)**

Figure IV.VIII
Trend in assessed contributions receivable, before allowance for doubtful accounts
(Millions of United States dollars, at 30 June each year)

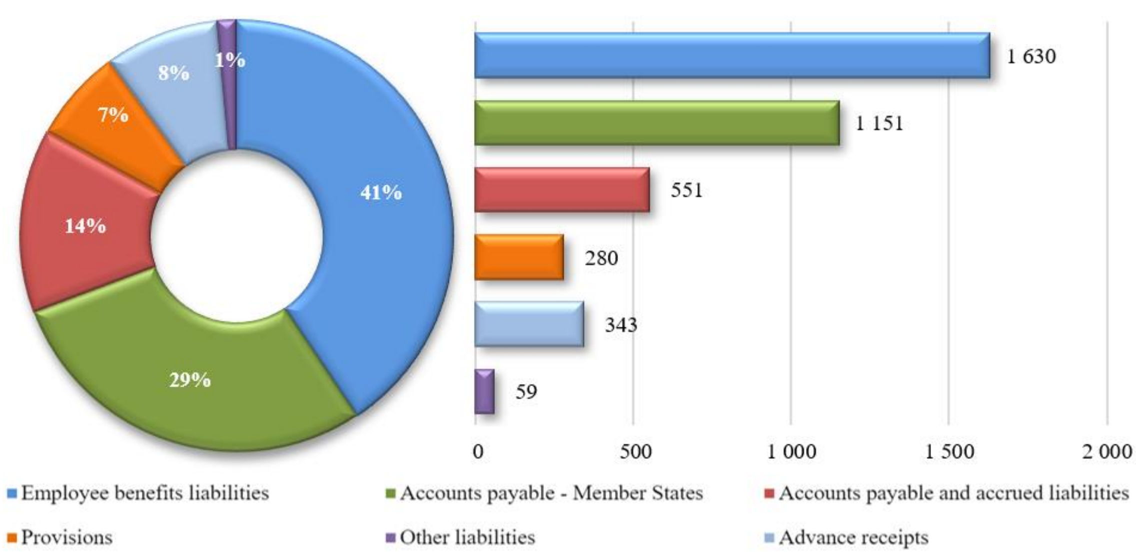


Liabilities

53. The total liabilities of peacekeeping operations decreased by $489.2 million (10.9 per cent decrease), from $4,503.9 million to $4,014.7 million. The most notable changes were a decrease in employee benefits liabilities by $559.7 million (25.6 per cent decrease), from $2,189.4 million to $1,629.7 million, and a reduction in provisions by $142.4 million (33.7 per cent decrease), from $422.5 million to $280.1 million. Accounts payable and accrued liabilities decreased by $66.5 million (10.8 per cent decrease), and there was also a reduction in accounts payable to Member States by $49.5 million (4.1 per cent decrease). The overall decrease in liabilities was offset in part by an increase in advance receipts of $329.4 million, from $13.8 million to $343.2 million.

54. Figure IV.IX presents the structure of peacekeeping operations' liabilities as at 30 June 2022. The liabilities largely comprised employee benefits liabilities of $1,629.7 million, accounts payable to Member States of $1,151.1 million and other accounts payable and accrued liabilities of $551.3 million.

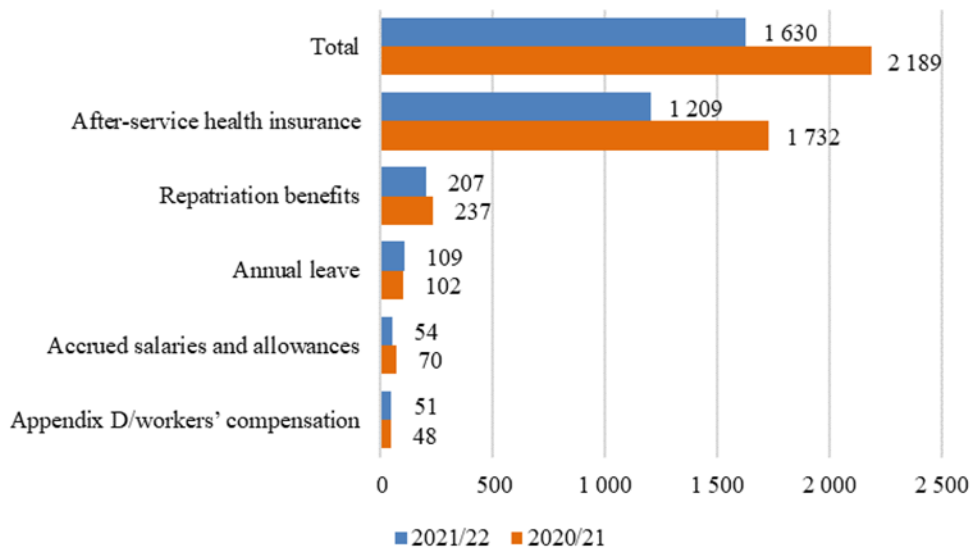
Figure IV.IX
Liabilities as at 30 June 2022
(Millions of United States dollars and percentage)



Employee benefits liabilities

55. Employee benefits liabilities, as depicted in figure IV.X, consisted largely of liabilities related to after-service health insurance of $1,209.0 million, repatriation benefits of $206.5 million and annual leave benefits of $108.9 million. Those liabilities were valued by independent actuaries. The decrease in liabilities from the prior year was attributable mainly to an increase in the discount rates.

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



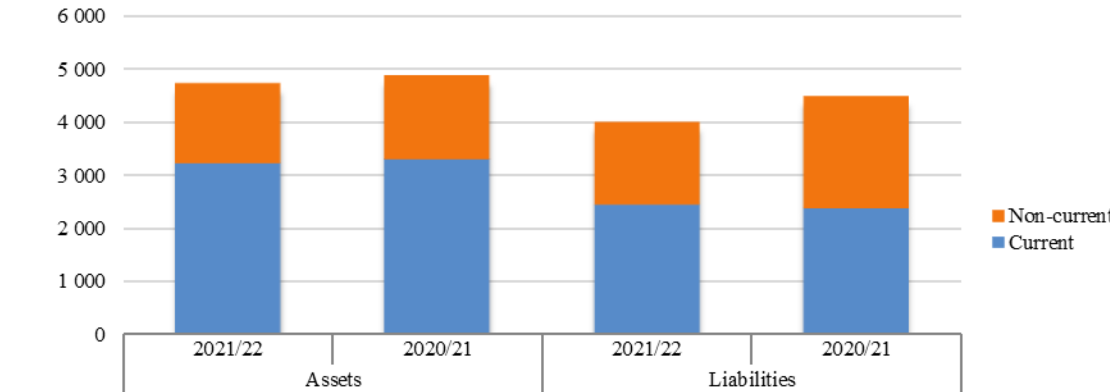
56. Employee benefits for after-service health insurance, annual leave and repatriation benefits continue to be on the pay-as-you-go basis for the present time pursuant to General Assembly resolution 70/248 A. The Organization continues to explore options to fund the liabilities.

Accounts payable and accrued liabilities

57. Accounts payable to Member States decreased by $49.5 million (4.1 per cent decrease), from $1,200.6 million to $1,151.1 million, owing mainly to a reduction in payables to troop-contributing countries. Accounts payable and accrued liabilities decreased by $66.5 million (10.8 per cent decrease), from $617.8 million to $551.3 million. Those liabilities consisted mainly of accruals for goods and services of $339.3 million (2020/21: $444.4 million) and vendor payables of $192.3 million (2020/21: $153.9 million).

58. Figure IV.XI presents the structure of peacekeeping operations accounts by current and non-current assets and liabilities as at 30 June 2022 and 30 June 2021, reflecting the large decrease in non-current liabilities, as noted in the section on employee benefits liabilities above.

Figure IV.XI
Assets and liabilities: current and non-current
(Millions of United States dollars)



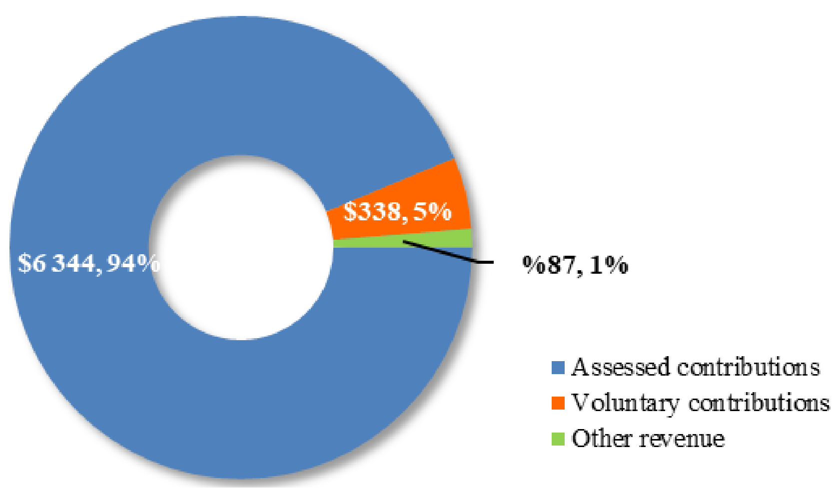
	Assets 2021/22	Assets 2020/21	Liabilities 2021/22	Liabilities 2020/21
Non-current	$1 484	$1 580	$1 544	$2 095
Current	$3 256	$3 317	$2 470	$2 409

Financial performance

Revenue analysis

59. The total revenue of peacekeeping operations for the period ended 30 June 2022 was $6,768.9 million, compared with total expenses of $7,091.3 million, resulting in an excess of total expenses over total revenue of $322.4 million. The net decrease in revenue of $441.5 million was attributable mainly to a decrease in assessed contributions of $453.3 million (6.7 per cent decrease) and a minimal decrease in voluntary contributions of $3.0 million (0.9 per cent decrease), offset in part by an increase in other revenue of $14.8 million (20.4 per cent increase). Figure IV.XII provides an analysis of revenue by nature.

Figure IV.XII
Revenue by nature
(Millions of United States dollars and percentage)



Assessed contributions revenue

60. Assessed contributions of $6,343.5 million accounted for 93.7 per cent of the total revenue for peacekeeping operations for the 2021/22 period (2020/21: 94.3 per

cent). Assessed contributions are based on a scale of assessments applicable to peacekeeping operations, which is approved by the General Assembly.

61. Assessed contributions decreased by $453.3 million (6.7 per cent decrease), from $6,796.8 million in 2020/21 to $6,343.5 million in 2021/22. The completion of the physical closure and liquidation of UNAMID in 2022, together with reductions in MONUSCO, UNMISS and UNSOS, gave rise to decreases in assessed contributions of $417.3 million, $39.9 million, $63.0 million and $30.8 million, respectively. The decrease in assessed revenue was offset in part by increases in assessed revenue for MINUSCA (owing to the extension of its mandate in November 2021) of $110.3 million. Table IV.3 presents the status of assessments for active missions.

Table IV.3
Assessments

(Millions of United States dollars and percentage)

	2021/22	*2020/21*	*Percentage increase/(decrease)*
UNFICYP	32.9	31.3	5.1
UNDOF	65.5	67.6	(3.1)
UNIFIL	510.2	512.8	(0.5)
MINURSO	60.9	61.7	(1.3)
UNMIK	44.2	42.5	4.0
MONUSCO	1 123.3	1 163.2	(3.4)
UNAMID	85.0	502.3	(83.1)
UNSOS	560.1	590.9	(5.2)
UNISFA	280.6	283.1	(0.9)
UNMISS	1 201.9	1 264.9	(5.0)
MINUSMA	1 262.2	1 270.1	(0.6)
MINUSCA	1 116.7	1 006.4	11.0
Total	**6 343.5**	**6 796.8**	**(6.7)**

Voluntary contributions

62. Voluntary contributions, as shown in table IV.4, decreased slightly by $3.0 million (0.9 per cent decrease), owing mainly to a decrease in amounts recognized under landing rights (decrease of $2.0 million from the 2020/21 period).

Table IV.4
Voluntary contributions

(Millions of United States dollars and percentage)

	2021/22	*2020/21*	*Percentage increase/(decrease)*
Monetary	24.7	23.9	3.3
Goods and rights-to-use			
Facilities	295.5	296.4	(0.3)
Landing rights	16.4	18.4	(10.9)
Others	1.7	2.6	(34.6)
Total	**338.3**	**341.3**	**(0.9)**

Other revenue

63. The increase of $14.8 million in other revenue was attributable mainly to an increase in cost recovery revenue of $14.0 million and net foreign exchange gains of $8.6 million (41.2 per cent increase), offset in part by the decrease in investment revenue of $10.5 million (100.0 per cent decrease, 2020/21: $10.5 million). The decrease in investment revenue was due to the increase in interest rates and the reduction in the market value of securities, resulting in the recognition of unrealized losses on investments, all attributable to rising inflation.

Expense analysis

64. Total expenses decreased by $174.2 million (2.4 per cent decrease), from $7,265.5 million in 2020/21 to $7,091.3 million in 2021/22. The decrease in expenses was in line with the decrease in appropriations. The reductions in expenses were attributable to credits to Member States (decrease of $125.2 million); employee salaries, allowances and benefits (decrease of $113.2 million); contingent contracted services (decrease of $106.8 million); and depreciation, amortization and impairment (decrease of $40.1 million). The decreases in the aforementioned expense lines were offset in part by increases in other operating expenses (increase of $132.1 million); supplies and consumables (increase of $58.7 million); other expenses (increase of $17.0 million); and non-employee compensation and allowances (increase of $3.4 million).

65. Figures IV.XIII and IV.XIV highlight expenses by nature, indicating that there was little change in the composition of expenses. Contingent contracted services accounted for 32 per cent (33 per cent in 2020/21) of total expenses, followed by employee salaries, allowances and benefits of 24 per cent (25 per cent in 2020/21) and other operating expenses of 23 per cent (17 per cent in 2020/21).

Figure IV.XIII
Expenses by nature
(Millions of United States dollars and percentage)

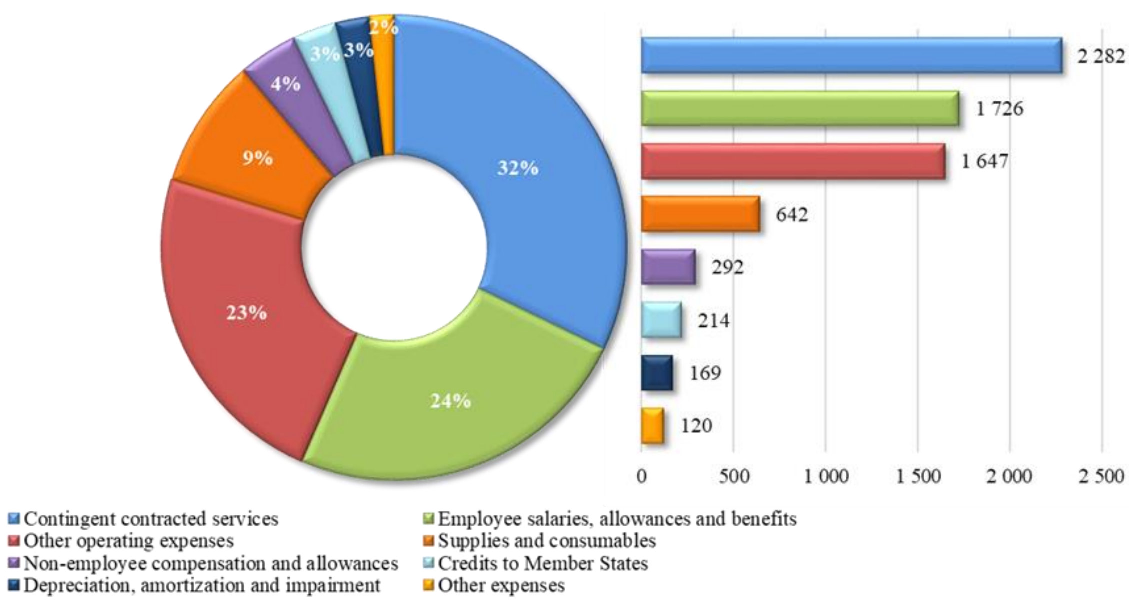
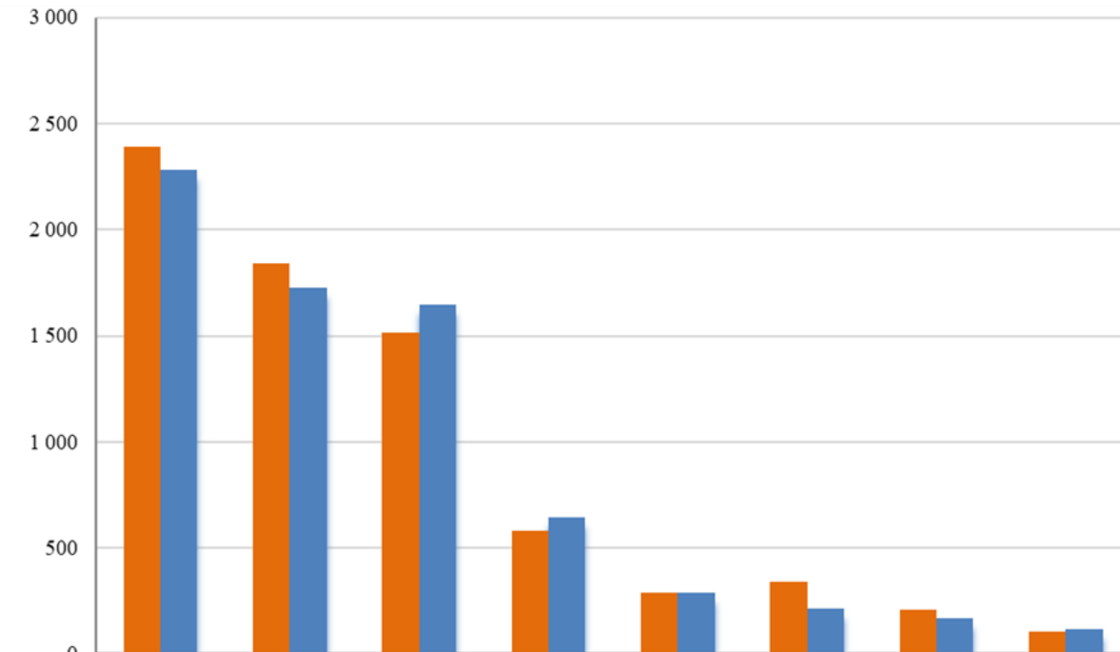


Figure IV.XIV
Changes in expenses by nature
(Millions of United States dollars)

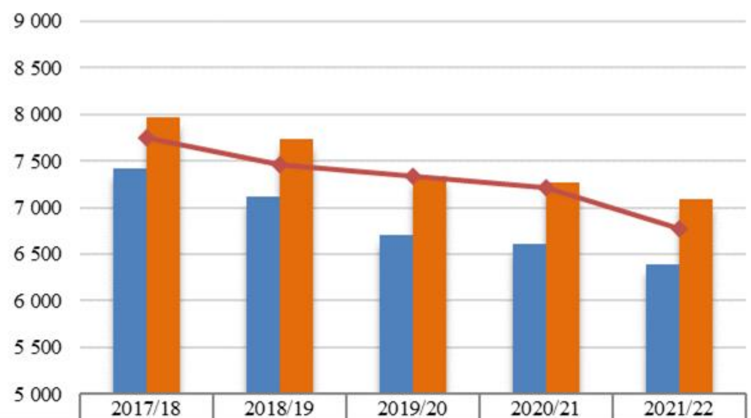


	Contingent contracted services	Employee salaries, allowances and benefits	Other operating expenses	Supplies and consumables	Non-employee compensation and allowances	Credits to Member States	Depreciation, amortization and impairment	Other expenses[a]
2020/21	2 388	1 839	1 514	583	288	339	209	103
2021/22	2 282	1 726	1 647	642	292	214	169	120

[a] For the purposes of this figure, the category includes grants and other transfers (2020/21: $84.5 million and 2021/22: $88.6 million); travel (2020/21: $15.0 million and 2021/22: $22.8 million); investment loss (2020/21: nil and 2021/22: $5.1 million); self-insurance claims and expenses (2020/21: $2.4 million and 2021/22: $2.4 million); and other expenses (restated 2020/21: $1.1 million and 2021/22: $1.1 million).

66. Figure IV.XV illustrates the trend in expenses of peacekeeping operations (on an IPSAS basis) for the fiscal period 2021/22 and four preceding periods, including in comparison with expenditure (on a modified cash basis/budget basis), as well as total revenue over the same period.

Figure IV.XV
Trend of expenses
(Millions of United States dollars)



	2017/18	2018/19	2019/20	2020/21	2021/22
Budget-based expenditure	7 424	7 118	6 712	6 611	6 394
IPSAS expense	7 974	7 733	7 337	7 265	7 091
Total revenue	7 744	7 463	7 340	7 210	6 769

F. Peacekeeping operations budgets

67. Peacekeeping operations budgets continue to be prepared on a modified cash basis and are presented in statement V. Approved budgets are those that authorize expenditure to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized under Assembly resolutions and the commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions. The Assembly resolutions are shown in note 7. Annex II to the peacekeeping operations financial statements further provides the comparison of budget and actual amounts on the budget basis for each peacekeeping operation.

G. Risk and uncertainty

Unpaid assessed contributions

68. A number of Member States have failed to pay in full their assessed contributions for peacekeeping operations, leading to arrears of $2,291.82 million as at 30 June 2022. Arrears have increased sharply over the past five years, from $1,512 million as at 30 June 2017, representing an increase of 51.6 per cent. This increasing trend in the level of unpaid assessments continued to present a liquidity challenge to peacekeeping operations.

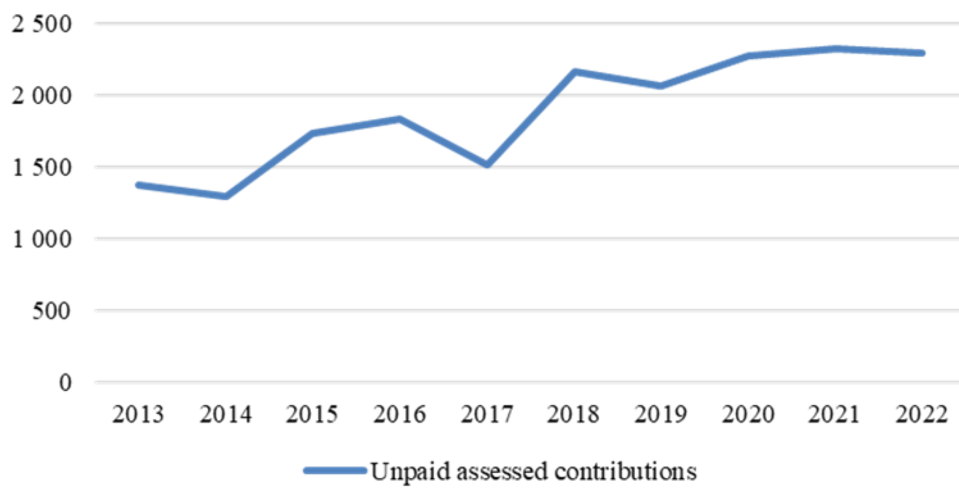
69. The General Assembly, in its resolution 76/272, extended for a further five years the management of cash balances of all active peacekeeping operations as a pool. In addition, the Assembly approved the use of the Peacekeeping Reserve Fund as a liquidity mechanism up to the level of $110 million, thereby ensuring that at least $40 million remains available in the Fund for the start-up or expansion of mandated peacekeeping operations. The Assembly's decision has facilitated efforts to reimburse troop- and police-contributing countries in a timelier manner, but it has not fully resolved the problem and delays in the settlement of amounts owed to troop and police contributors prevail.

70. The Secretariat has made concerted efforts to encourage Member States to settle their unpaid assessments. The amounts of unpaid assessments are reported to the Member States on an ongoing basis through an online portal that facilitates the tracking of payments of assessed contributions. In accordance with Article 19 of the Charter of the United Nations, the Secretariat publishes an official document each year containing the list of those Member States with arrears equal to or exceeding the amount of the contributions due from them for the preceding two full years. In addition, the Under-Secretary-General for Management Strategy, Policy and Compliance presents the financial situation of the Organization to the Fifth Committee at the start of each main session and the second resumed session of the General Assembly and appeals to the Member States with arrears to pay their assessed contributions.

71. The Secretary-General, in his reports and direct communication to Member States, continues to urge the settlement of outstanding assessed contributions and to request Member States to provide solutions to address the liquidity situation of peacekeeping operations.

72. Figure IV.XVI represents unpaid assessed contributions for peacekeeping operations over the 10-year period of 2013–2022, which shows that despite a decline in the overall peacekeeping budgets over the years, the level of unpaid assessments does not show a comparative decline.

Figure IV.XVI
Total unpaid assessed contributions for peacekeeping operations, 2013–2022
(Millions of United States dollars)



Global supply chain constraints

73. The persistent supply chain disruptions associated with the COVID-19 pandemic, volatility in the maritime industry and other constraints on freight forwarding services, coupled with developments in 2022 in Eastern Europe, have had a dramatic impact on global trade and perpetuated rising rates of inflation. These exogenous factors posed significant challenges to the supply chain of peacekeeping operations, resulting in increased commodity prices, as well as delays in and increased costs of transportation. The volatility of the maritime industry rendered it difficult to find space on liner vessel services to transport United Nations-owned equipment and reduced the number of vessels available to charter for contingent-owned equipment.

74. While the impact of some of those rising costs was dampened by existing contracts with negotiated fixed costs during the life of the contract, the peacekeeping operations supply chain was not immune from escalating prices. In addition to this financial risk, peacekeeping operations were exposed to the operational risk of pervasive delays in mobilization and delivery. The most visible factor during the 2021/22 period was fuel and lubricants costs. Fuel contracts are indexed to a monthly indicator of the international price of fuel, as is common in the industry, representing between 30 and 60 per cent of the cost of fuel, equivalent to between 24 and 50 per cent of total fuel service costs. The costs doubled during 2021/22. For other categories, suppliers struggled to maintain lines of supply for certain items and have expressed the unsustainability of prices negotiated before the economic events of 2021/22 or submitted in response to ongoing solicitations. Furthermore, engineering goods, such as fuel generators, prefabricated structures and solid waste equipment, experienced price increases, owing mainly to increases in the cost of raw materials (e.g., steel or aluminium), which increased the cost of manufacturing of goods. Contractors also experienced bottlenecks in the supply chain, causing delays in manufacturing and long delivery lead times.

75. The difficult economic environment contributed to the failure of some suppliers, compelling peacekeeping operations to seek alternate arrangements to ensure continuity of operations, at higher costs than expected, as well as suffering delayed implementation, especially for construction and other capital investment projects.

Chapter V

Financial statements for the year ended 30 June 2022

I. Statement of financial position as at 30 June 2022

(Thousands of United States dollars)

	Note	*30 June 2022*	*30 June 2021*
Assets			
Current assets			
Cash and cash equivalents	8	272 824	129 671
Investments	24	913 754	996 073
Assessed contributions receivable	9	1 650 998	1 760 401
Other receivables	11	45 784	49 171
Inventories	12	329 657	346 655
Other assets	13	43 335	35 044
Total current assets		**3 256 352**	**3 317 015**
Non-current assets			
Investments	24	314 980	329 716
Property, plant and equipment	14	1 166 354	1 247 594
Intangible assets	15	2 532	2 847
Total non-current assets		**1 483 866**	**1 580 157**
Total assets		**4 740 218**	**4 897 172**
Current liabilities			
Accounts payable – Member States	16	1 151 126	1 200 602
Accounts payable and accrued liabilities	16	551 300	617 830
Advance receipts	17	343 200	13 848
Employee benefits liabilities	18	85 403	94 906
Provisions	19	280 098	422 464
Other liabilities	20	59 242	59 792
Current liabilities		**2 470 369**	**2 409 442**
Non-current liabilities			
Employee benefits liabilities	18	1 544 310	2 094 444
Non-current liabilities		**1 544 310**	**2 094 444**
Total liabilities		**4 014 679**	**4 503 886**
Net of total assets and total liabilities		**725 539**	**393 286**
Net assets			
Accumulated surpluses – unrestricted	21	464 166	131 913
Accumulated surpluses – restricted	21	111 373	111 373
Reserves	22	150 000	150 000
Total net assets		**725 539**	**393 286**

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

II. Statement of financial performance for the year ended 30 June 2022

(Thousands of United States dollars)

	Note	*2021/22*	*2020/21 (restated)*[a]
Revenue			
Assessed contributions	23	6 343 524	6 796 756
Voluntary contributions	23	338 261	341 347
Investment revenue	24	–	10 489
Other transfers and allocations	23	1 820	1 412
Other revenue	23	85 258	60 424
Total revenue		**6 768 863**	**7 210 428**
Expenses			
Employee salaries, allowances and benefits	25	1 726 293	1 839 459
Contingent contracted services	25	2 281 536	2 388 315
Non-employee compensation and allowances	25	291 634	288 236
Grants and other transfers	25	88 634	84 543
Supplies and consumables	25	642 120	583 454
Depreciation	14	168 590	208 747
Amortization	15	472	551
Impairment	14	129	–
Travel	25	22 782	15 009
Self-insurance claims and expenses	25	2 410	2 365
Other operating expenses	25	1 646 516	1 514 426 [a]
Other expenses	25	1 070	1 052 [a]
Investment loss	24	5 056	–
Credits to Member States	26	214 065	339 297
Total expenses		**7 091 307**	**7 265 454**
(Deficit) for the year		**(322 444)**	**(55 026)**

[a] Restated to conform to the current year presentation (see note 4).

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

III. Statement of changes in net assets for the year ended 30 June 2022

(Thousands of United States dollars)

	Accumulated surpluses/(deficits) – unrestricted	*Accumulated surpluses – restricted*	*Reserves*	*Total*
Net assets as at 1 July 2020	**241 325**	**111 373**	**150 000**	**502 698**
Changes in net assets				
Actuarial loss on employee benefits liabilities	(54 386)	–	–	(54 386)
Deficit for the year ended 30 June 2021	(55 026)	–	–	(55 026)
Net assets as at 30 June 2021	**131 913**	**111 373**	**150 000**	**393 286**
Changes in net assets				
Actuarial gain on employee benefits liabilities[a]	654 697	–	–	654 697
Deficit for the year ended 30 June 2022	(322 444)	–	–	(322 444)
Net assets as at 30 June 2022	**464 166**	**111 373**	**150 000**	**725 539**

[a] Actuarial gain of $658.195 million for defined-benefit liabilities (see note 18), and actuarial loss of $3.498 million for workers' compensation.

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

IV. Statement of cash flows for the year ended 30 June 2022

(Thousands of United States dollars)

	Note	*2021/22*	*2020/21 (restated)*[a]
Cash flows from operating activities			
(Deficit) for the year		**(322 444)**	**(55 026)**
Non-cash movements			
Depreciation and amortization	14, 15	169 062	209 298
Impairment of property, plant and equipment	14	129	–
Actuarial gain/(loss) on employee benefits liabilities		654 697	(54 386)[a]
Net loss on disposal of property, plant and equipment	14, 15	79 647	70 422[a]
Transfers, donations of assets and other additions	14, 15	(7 460)	(13 964)[a]
Changes in assets			
Decrease/(increase) in assessed contributions receivable	9	109 403	(105 575)
Decrease/(increase) in other receivables	11	3 387	(2 336)
Decrease/(increase) in inventories	12	16 998	(2 468)
(Increase) in other assets	13	(8 291)	(3 147)
Changes in liabilities			
(Decrease) in accounts payable – Member States	16	(49 476)	(358 363)
(Decrease) in accounts payable – other	16	(66 530)	(75 734)
Increase in advance receipts	17	329 352	7 002
(Decrease)/increase in employee benefits liabilities	18	(559 637)	187 176[a]
(Decrease)/increase in provisions	19	(142 366)	149 353
(Decrease)/increase in other liabilities	20	(550)	596
Investment loss/(revenue) presented as investing activities	24	5 056	(10 489)
Net cash flows to/(from) operating activities		**210 977**	**(57 641)**[a]
Cash flows from investing activities			
Net contribution from cash pool investments		97 055	204 122
Investment (loss)/revenue presented as investing activities	24	(5 056)	10 489
Acquisition of property, plant and equipment	14	(161 436)	(169 564)[a]
Proceeds from disposal of property, plant and equipment		1 770	2 949[a]
Investment in intangible assets	15	(157)	(146)[a]
Net cash flows (from)/to investing activities		**(67 824)**	**47 850**[a]
Net increase/(decrease) in cash and cash equivalents		**143 153**	**(9 791)**
Cash and cash equivalents – beginning of year		129 671	139 462
Cash and cash equivalents – end of year	**8**	**272 824**	**129 671**

[a] Restated to conform to the current year presentation (see note 4).

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

V. Statement of comparison of budget and actual amounts for the year ended 30 June 2022

(Thousands of United States dollars)

Appropriated activities	*Budget*		*Actual revenue/ expenditure budget basis*	*Difference – original and final budget (percentage)*	*Difference – final budget and actual*[a] *(percentage)*
	Original	*Final*			
Revenue					
Assessed contributions	6 343 524	6 343 524	6 343 524	–	–
Voluntary contributions, budgeted	25 633	25 633	25 159	–	(1.85)
Allocations from other funds	1 820	1 820	1 820	–	–
Total revenue	**6 370 977**	**6 370 977**	**6 370 503**	–	**(0.01)**
Expenditure					
Active missions[b]					
UNFICYP	58 010	58 010	56 114	–	(3.27)
UNDOF	65 507	65 507	65 486	–	(0.03)
UNIFIL	510 251	510 251	510 236	–	–
MINURSO	61 428	61 428	60 504	–	(1.50)
UNMIK	44 192	44 192	43 507	–	(1.55)
MONUSCO	1 123 346	1 123 346	1 099 473	–	(2.13)
UNAMID	84 953	84 953	70 979	–	(16.45)
UNSOS	560 068	560 068	556 606	–	(0.62)
UNISFA	280 581	348 085[c]	346 946	24.06	(0.33)
UNMISS	1 201 888	1 201 888	1 201 300	–	(0.05)
MINUSMA	1 262 194	1 262 194	1 260 614	–	(0.13)
MINUSCA	1 116 739	1 116 739	1 116 423	–	(0.03)
Total active missions	**6 369 157**	**6 436 661**	**6 388 188**	**1.06**	**(0.75)**
Less: prorated costs of support account	(349 880)	(349 880)	(349 880)	–	–
Less: prorated costs of UNLB – other activities	(64 580)	(64 580)	(64 580)	–	–
Less: prorated costs of RSCE	(38 294)	(38 294)	(38 294)	–	–
Total active missions, excluding prorated costs	**5 916 403**	**5 983 907**	**5 935 434**	**1.14**	**(0.81)**
Support activities					
Support account	356 413	356 413	353 404	–	(0.84)
UNLB – other activities	65 695	65 695	65 622	–	(0.11)
RSCE	40 272	40 272	39 751	–	(1.29)
Total support activities	**462 380**	**462 380**	**458 777**	**–**	**(0.78)**
Total expenditure, in accordance with 2021/22 budget-based active missions and support activities	**6 378 783**	**6 446 287**	**6 394 211**	**1.06**	**(0.81)**
Net total	**(7 806)**[d]	**(75 310)**[e]	**(23 708)**		

Non-appropriated activities	*Funding*	*Expenditure*
UNLB – strategic deployment stock activities[f]	111 031	24 196
Reserve fund for workers' compensation[g]	2 543	2 484
Peacekeeping Reserve Fund	–	76
Peacekeeping cost recovery[h]	134 013	113 170
Total non-appropriated activities	**247 587**	**139 926**

[a] Actual expenditure (budget basis) less final budget.

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

[c] Commitments of $67.504 million were authorized on 23 March 2022.

[d] Represents appropriations that were financed by means other than assessed contributions. Unencumbered balance and other income in respect of the period ended 30 June 2020 were applied to meet the resources of the support account in the amount of $2.794 million, UNLB – other activities in the amount of $1.115 million and RSCE in the amount of $0.158 million. Surplus in the Peacekeeping Reserve Fund of $3.739 million in respect of the period ended 30 June 2020 was applied to meet the resources of the support account.

[e] Comprising commitments of $67.504 million, indicated in note "c", which were not assessed, and $7.806 million, indicated in note "d".

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

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

[h] Funding for cost recovery is allocated from the revenue of the peacekeeping cost recovery fund.

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

United Nations peacekeeping operations as reported in volume II Notes to the 2021/22 financial statements

Note 1 Reporting entity

United Nations and its activities

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

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

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

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

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

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

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

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

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

United Nations peacekeeping operations

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

5. United Nations peacekeeping, with a mandate to help countries affected by conflict to create conditions for lasting peace, began operations in 1948 with the creation of the first peacekeeping mission. Since then, 69 peacekeeping missions (2020/21: 69 missions) have been deployed by the United Nations, 56 of them since 1988.

6. United Nations peacekeeping operates under the direction of the Security Council; as deemed appropriate by vote of the Council, peacekeeping missions are established, extended, amended or ended. Under Article 25 of the Charter, all States Members of the United Nations agree to accept and carry out the decisions of the Council; while other organs make recommendations to Member States, the Council alone has the power to take decisions that Member States are obligated to follow. United Nations peacekeeping has unique strengths, including legitimacy, burden-sharing and an ability to deploy and sustain troops and police from around the world, integrating them with civilian peacekeepers to advance multidimensional mandates. As at 30 June 2022, there were 12 active United Nations peacekeeping missions (30 June 2021: 12 active missions) deployed across four continents.

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

Note 2
Basis of preparation and authorization for issue

Basis of preparation

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

(a) Statement I: statement of financial position;

(b) Statement II: statement of financial performance;

(c) Statement III: statement of changes in net assets;

(d) Statement IV: statement of cash flows (using the indirect method);

(e) Statement V: statement of comparison of budget and actual amounts;

(f) A summary of significant accounting policies and other explanatory notes.

Going concern

9. The going-concern assertion is based on the approval by the General Assembly of the budget appropriations for peacekeeping operations for the 2022/23 financial year, the positive historical trend of collection of assessed contributions over the past years and the fact that the Assembly and the Security Council have not made any decisions to cease peacekeeping operations as a whole.

Authorization for issue

10. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with financial regulation 6.2, the Secretary-General transmits these financial statements as at 30 June 2022 to the Board of Auditors by 30 September 2022. In accordance with financial regulation 7.12, the reports of the Board of Auditors are transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

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

Functional and presentation currency

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

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

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

Materiality and use of judgment and estimates

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

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

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

Future accounting pronouncements

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

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

(b) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits. It is possible that this new standard, on transfer expenses, will result in a prospective change in accounting policy for the recognition of some categories of non-exchange expenses of the United Nations, including transfers to implementing partners;

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

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

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

Recent and future requirements of International Public Sector Accounting Standards

19. The IPSAS Board issued IPSAS 41: Financial instruments, in August 2018, IPSAS 42: Social benefits, in January 2019, IPSAS 43: Leases, in January 2022 and IPSAS 44: Non-current assets held for sale and discontinued operations, in May 2022. The impact of these standards on the financial statements of the United Nations peacekeeping operations has been evaluated as follows:

Standard	*Anticipated impact in the year of adoption*
IPSAS 41	IPSAS 41: Financial instruments, will replace IPSAS 29: Financial instruments – recognition and measurements, and improve the relevance of information for financial assets and financial liabilities by introducing: (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model. IPSAS 41: its effective date was deferred to 1 January 2023 owing to the COVID-19 pandemic and the challenges that it has created. Its impact on the financial statements of the peacekeeping operations will be assessed prior to that date.
IPSAS 42	IPSAS 42: Social benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. IPSAS 42: its effective date was deferred to 1 January 2023 owing to the COVID-19 pandemic and the challenges that it has created. Currently, there are no such social benefits in peacekeeping operations.

Standard	*Anticipated impact in the year of adoption*
IPSAS 43	IPSAS 43: Leases, supersedes IPSAS 13: Leases, and introduces the right-of-use model for lessees, in line with International Financial Reporting Standard 16: Leases, and replaces the risks and rewards incidental to the ownership model in IPSAS 13. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to the ownership model in IPSAS 13. The effective date of IPSAS 43 is 1 January 2025. The impact of this standard on the financial statements is currently being assessed, and the peacekeeping operations will be ready for its implementation by the time it becomes effective.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be: (a) Measured at the lower of carrying amount and fair value less costs to sell and depreciation on such assets to cease; (b) Presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. The effective date of IPSAS 44 is 1 January 2025. The impact of this standard on the financial statements is currently being assessed, and the peacekeeping operations will be ready for its implementation by the time it becomes effective.

Note 3
Significant accounting policies

Financial assets: classification

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

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

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

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

23. Financial assets at fair value through surplus or deficit are those that have either been designated in this category at initial recognition or are held for trading or are acquired principally for the purpose of sale in the short term. These assets are

measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are recognized in the statement of financial performance in the period in which they arise.

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

25. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

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

Financial assets: investment in cash pools

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

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

Financial assets: cash and cash equivalents

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

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

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

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

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

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

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

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

Financial assets: receivables from exchange transactions – other receivables

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

Other assets

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

Inventories

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

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

34. The cost of inventory in stock is determined using the moving average price cost basis. The cost of inventories includes the cost of purchase plus other costs incurred in bringing the items to the destination and condition for use. Standard rates ranging from 7 to 28 per cent of the cost of purchase, depending on the location of each office

and mission, are used in place of actual associated costs. Inventory acquired through non-exchange transactions (i.e., donated goods) are measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

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

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

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

Heritage assets

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

Property, plant and equipment

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

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

(b) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any associated costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs. Standard rates ranging from 2 to 18 per cent of the cost of purchase, depending on the location of each office and mission, are used in place of actual associated costs;

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

40. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets

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

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

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

42. Peacekeeping operations selected the cost model, instead of the revaluation model, for the measurement of property, plant and equipment after initial recognition. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to peacekeeping operations and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

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

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

Intangible assets[1]

45. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are $100,000 per unit for internally generated intangible assets and $20,000 per unit for externally acquired intangible assets.

46. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by peacekeeping operations are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

Class	*Range of estimated useful life*
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software developed internally	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

[1] No intangible assets with an indefinite useful life were recorded in 2021/22.

47. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

48. Financial liabilities are classified as other financial liabilities. They include accounts payable, unspent funds held for future refund and other liabilities such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with durations of fewer than 12 months are recognized at their nominal value. Peacekeeping operations re-evaluate the classification of financial liabilities at each reporting date and derecognize financial liabilities when contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued expenses

49. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. Payables are measured at their nominal value if classified as current liabilities, or at the fair value, if classified as non-current liabilities.

Advance receipts and other liabilities

50. Advance receipts are contributions received for future periods. Other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the peacekeeping operations as lessee[2]

51. Leases of property, plant and equipment where a peacekeeping operation has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payment. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

52. Leases in which all of the risks and rewards of ownership are not substantially transferred to a peacekeeping operation are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Leases: the peacekeeping operations as lessor

53. Peacekeeping operations lease out (act as a lessor) certain assets under operating leases. Assets subject to operating leases are reported under property, plant and equipment. Lease revenue from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

[2] No finance lease contracts were recorded in 2021/22.

Donated rights to use

54. The right to use land, buildings, infrastructure assets, machinery and equipment is frequently granted to peacekeeping operations, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control of the underlying asset is transferred to the peacekeeping operation.

55. When a donated right-to-use arrangement is classified as an operating lease, an expense and corresponding revenue equal to the annual market rent of a similar property are recognized in the financial statements. Where a donated right-to-use arrangement is classified as a finance lease (principally with a lease term of more than 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the term of the arrangement or the useful life of the property. In addition, a liability for the same amount is recorded and progressively recognized as revenue over the lease term.

56. Donated right-to-use land arrangements are accounted for as operating leases where the peacekeeping operation does not have exclusive control and title to the land is not transferred under restricted deeds. Where title to land is transferred to the peacekeeping operation without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

57. The thresholds for the recognition of revenue and expenses are yearly rental value equivalent of $20,000 for each donated right-to-use arrangement for land, buildings or infrastructure assets and $5,000 per item for machinery and equipment assets.

Employee benefits

58. Employees are staff members, as described under Article 97 of the Charter, whose employment and contractual relationship with a peacekeeping operation are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

59. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily, weekly or monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes, and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid as at the reporting date are recognized as current liabilities within the statement of financial position.

60. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. Given that home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

61. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension provided through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

62. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the Organization (other long-term benefit). Defined-benefit plans are those where peacekeeping operations have an obligation to provide agreed benefits and therefore bear the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. Peacekeeping operations have elected to recognize changes in the liability valuation from actuarial gains and losses directly through the statement of changes in net assets. As at the reporting date, peacekeeping operations did not hold any plan assets as defined under IPSAS 39: Employee benefits.

63. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

64. **After-service health insurance**. Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of peacekeeping operations of medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the residual liability of peacekeeping operations. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the residual liability of peacekeeping operations in accordance with the cost-sharing ratios authorized by the General Assembly.

65. **Repatriation benefits**. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation benefits, comprising a repatriation grant based upon length of service and travel and removal expenses. A liability is recognized from when the staff member joins a peacekeeping operation and is measured as the present value of the estimated liability for settling these entitlements.

66. **Annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the Organization. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff

members gain access to current period leave entitlements before they gain access to accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Organization. The accumulated annual leave benefit reflecting the outflow of economic resources from the Organization at end of service is therefore classified as "other long-term benefit", noting that the portion of the accumulated annual leave benefit that is expected to be settled by means of a monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly as post-employment benefits; therefore, the peacekeeping operation values its accumulated annual leave benefit liability as a defined post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

67. Peacekeeping operations constitute a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified under article 3 (b) of the Regulations of the Pension Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the plan. Peacekeeping operations and the Pension Fund, in line with other participating organizations in the Fund, are not in a position to identify their proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, peacekeeping operations have treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 39: Employee benefits. Contributions by peacekeeping operations to the plan during the financial year are recognized as employee benefit expenses in the statement of financial performance.

Termination benefits

68. Termination benefits are recognized as an expense only when the peacekeeping operation is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan either to terminate the employment of a staff member before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits will fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

69. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of a long-term employee benefit.

70. Appendix D to the Staff Regulations and Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. Actuaries value these liabilities and actuarial gains or losses in the liability are recognized in the statement of changes in net assets.

Provisions

71. Provisions are liabilities recognized for future expenditure of an uncertain amount or timing. A provision is recognized if, as a result of a past event, the peacekeeping operation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation as at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation.

72. Uncommitted balances of the current-year appropriations and expired balances of the appropriations retained from prior years are required to be surrendered to the Member States. Investment income and other income are also returned to the Member States, together with the surrendered appropriations. At the reporting date, provisions are made for the surplus balances to be returned to the Member States with an adjustment to net assets. The surplus balances remain as provisions until the General Assembly decides the manner of their disposal.

Contingent liabilities

73. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of peacekeeping operations, or present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations or because the amount of the obligations cannot be reliably measured.

Contingent assets

74. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of peacekeeping operations.

Commitments

75. Commitments are future expenses that are to be incurred on contracts entered into by the reporting date and that peacekeeping operations have minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to peacekeeping operations in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: assessed contributions

76. Assessed contributions for peacekeeping operations are assessed and approved for a one-year budget period. Assessed contributions are recognized as revenue at the beginning of the year.

77. Assessed contributions include the amounts assessed to the Member States to finance the activities of the peacekeeping operations in accordance with the scale of

assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-member States is presented in the statement of financial performance.

Non-exchange revenue: voluntary contributions

78. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time the agreement becomes binding, which is the point when a peacekeeping operation is deemed to acquire control of the asset. Where cash is received subject to specific conditions, however, recognition is deferred until those conditions have been satisfied.

79. Voluntary pledges and other promised donations that are not supported by binding agreements with terms of offer and acceptance are recognized as revenue upon the receipt of cash. Unused funds returned to the donor are netted against revenue (if those funds are recognized as revenue during the year) or shown as a reduction of net assets if the funds were recognized in the previous year.

80. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable a peacekeeping organization to administer projects or other programmes on their behalf.

81. In-kind contributions of goods above the recognition threshold of $20,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to peacekeeping operations and the fair value of those assets can be measured reliably. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment, a lower threshold of $5,000 applies. Contributions in kind are initially measured at their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals. Peacekeeping operations have elected not to recognize in-kind contributions of services but to disclose in-kind contributions of services above the threshold of $20,000 in the notes to the financial statements.

Exchange revenue

82. Exchange transactions are those where peacekeeping operations sell goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed. As a practical expedient, operationally, revenues may be billed in advance, with service provision following shortly thereafter;

(b) Exchange revenue also includes income from the rental of premises, the sale of used or surplus property and income from net gains resulting from currency exchange adjustments.

Investment revenue

83. Investment revenue includes the share of peacekeeping operations of net cash pool income and other interest income. The net cash pool income includes any gains or losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are attributable directly to investment activities are netted against income and the net income is distributed proportionately to all cash pool participants on the basis of their average daily

balances. The cash pool income also includes the value of unrealized market gains and losses on securities, which is distributed proportionately to all participants on the basis of year-end balances.

Expenses

84. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered, and services are rendered, regardless of the terms of payment.

85. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, including pension and insurance subsidies, staff mission subsistence, assignment, repatriation, hardship and other allowances. Expenses for contingent contracted services relate to troop costs, contingent self-sustainment costs, contingent-owned equipment and contingent operations reimbursements, and compensation for troop death and disability costs. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers, consultant fees, mission subsistence and clothing allowances, and death and disability, residential security and welfare costs for military observers and civilian police. Supplies and consumables expenses relate to spare parts and supplies for facilities, vehicles, machinery and equipment, and communications and information technology equipment, in addition to petroleum, oil and lubricant costs. This category of expenses also includes rations, medical supplies, uniforms and safety and security supplies. Grants and other transfers include outright grants and transfers to implementing agencies and partners for quick-impact projects as well as other direct support costs. Travel expenses include transportation, allowances and other related costs for staff and non-staff. Other operating expenses include maintenance, contractual services, rental of aircraft, mine action services, security services, shared services, rental of facilities, insurance, contributions-in-kind expenses, allowance for bad debt and write-off expenses. Other expenses relate to hospitality and official functions, and ex gratia and compensation claims.

Note 4
Prior-period reclassifications

86. To conform with the presentation of the statement of financial performance and the statement of cash flows in the financial statements of the United Nations, volume I, and to enhance the comparability between the financial statements as reported in volume I and as reported in volume II, peacekeeping operations reclassified several comparative amounts relating to the year ended 30 June 2021. There was no material impact on the financial statements as a result of the reclassification.

87. Contributions-in-kind expenses, in the amount of $316.5 million, were reclassified from other expenses to other operating expenses. Following this reclassification, the total amount for other operating expenses increased to $1,514.4 million from $1,197.9 million, while the amount for other expenses decreased to $1.1 million from $317.6 million. The overall impact of this reclassification on the total expenses as well as the deficit reported for the year ended 30 June 2021 was nil, as both amounts of total expenses and deficit remained the same as originally reported, at $7,265.5 million and $55.0 million, respectively. Additional details on this reclassification are provided in note 25.

88. Non-cash movements resulting from actuarial valuations, acquisitions and disposals of property, plant and equipment and intangible assets have been disclosed

separately on the face of the cash flow statement. Previously, they were included as part of the movements in employee benefits amounts and acquisitions of property, plant and equipment. In addition, proceeds received from the disposals of property, plant and equipment have been disclosed on the face of the cash flow statement. The additional disclosure of actuarial loss from employee benefits liabilities did not have any impact on the net cash flows used in operating activities. The additional disclosures relating to the acquisitions and disposals of property, plant and equipment and intangible assets resulted in the decrease in both the amount reported as net cash flows used in operating activities and net cash flows from investing activities by $56.5 million.

Summary of prior-period reclassifications

(Thousands of United States dollars)

	(Published) 30 June 2021	*Prior-period reclassifications (para. 87)*	*Prior-period reclassifications (para. 88)*	*(Restated as at 30 June 2022) 30 June 2021*
Extract from statement of financial performance for the year ended 30 June 2021				
Expenses				
Other operating expenses	1 197 891	316 535	–	1 514 426
Other expenses	317 587	(316 535)	–	1 052
Total expenses	**7 265 454**	**–**	**–**	**–**
Deficit for the year	**(55 026)**	**–**	**–**	**–**
Extract from statement of cash flows for the year ended 30 June 2021				
Cash flows from operating activities				
Non-cash movements				
Actuarial loss from employee benefits liabilities	–	–	(54 386)	(54 386)
Net loss from disposal of property, plant and equipment	–	–	70 422	70 422
Transfers, donations of assets and other additions	–	–	(13 964)	(13 964)
Changes in liabilities				
Increase/(decrease) in employee benefits payable	132 790	–	54 386	187 176
Net cash flows used in operating activities	**(114 099)**	**–**	**56 458**	**(57 641)**
Cash flow from investing activities				
Acquisitions of property, plant and equipment	(110 081)	–	(59 483)	(169 564)
Proceeds from disposal of property, plant and equipment	–	–	2 949	2 949
Acquisitions of intangibles	(222)	–	76	(146)
Net cash flows from investing activities	**104 308**	**–**	**(56 458)**	**47 850**

Note 5
Impact of the COVID-19 pandemic

89. COVID-19 remained a global challenge and continued to have an impact on the global economy in an unprecedented manner, presenting a variety of challenges and risks, such as heightened economic uncertainty, disruptions in the global supply chain and challenges in ensuring the safety of personnel. Despite these challenges, peacekeeping operations continued to find innovative and proactive ways to implement their mandates. Efforts to mitigate the impact of the pandemic have

included the prevention and containment of infection while more substantive measures were being implemented, along with strengthened medical capacities and the sustainment of mandated operations. There is a high degree of uncertainty about the trajectory of the pandemic and the return to a normal environment. It is expected that the pandemic may continue to have an impact on mandate implementation.

Note 6
Segment reporting

90. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources.

91. United Nations peacekeeping classifies its operations into three segments:

(a) *Active missions*

- UNFICYP
- UNDOF
- UNIFIL
- UNAMID[3]
- UNMIK
- MONUSCO
- UNMISS
- MINUSMA
- UNSOS
- UNISFA
- MINURSO
- MINUSCA

(b) *Closed missions*

- MINUJUSTH
- UNMIL
- UNOCI
- UNSMIS
- UNMIT
- UNMIS
- MINURCAT
- UNOMIG
- UNMEE
- ONUB
- UNAMSIL/UNOMSIL
- UNMISET/UNTAET
- UNIKOM
- UNMIBH
- UNMOT
- MIPONUH/UNSMIH/UNTMIH
- MINURCA
- MONUA/UNAVEM
- UNPREDEP
- UNTAES/UNPSG
- UNOMIL
- UNPF
- MINUGUA
- UNMIH
- UNAMIR/UNOMUR
- ONUSAL
- ONUMOZ
- UNSOM
- UNMLT
- UNTAC
- UNTAG
- UNIIMOG
- UNEF (1956)
- ONUC

(c) *Support activities*

- Peacekeeping Reserve Fund
- Support account for peacekeeping operations
- UNLB/strategic deployment stocks
- RSCE
- Employee benefits funds
- Peacekeeping cost recovery

92. The segment revenue, expenses, assets and liabilities are set out below.

[3] UNAMID ended its mandate on 31 December 2020 and commenced closure and final liquidation.

Segment performance and position, 30 June 2022

(Thousands of United States dollars)

Current year	*Active missions*	*Closed missions*	*Support activities*	*Eliminations*	*Total 2021/22*
Segment revenue					
Assessed contributions	6 343 524	–	–	–	6 343 524
Voluntary contributions	333 154	–	5 107	–	338 261
Transfers and allocations	–	–	458 313	(456 493)[a]	1 820
Other external sources	23 763	2 108	158 286	(98 899)[b]	85 258
Total revenue	**6 700 441**	**2 108**	**621 706**	**(555 392)**	**6 768 863**
Total segment expense	**6 954 783**	**3 705**	**688 211**	**(555 392)**	**7 091 307**
(Deficit) for the year	**(254 342)**	**(1 597)**	**(66 505)**	**–**	**(322 444)**
Segment assets	4 116 321	282 806	557 419	(216 328)[c]	4 740 218
Segment liabilities	2 311 662	277 868	1 641 477	(216 328)[c]	4 014 679
Total net assets	**1 804 659**	**4 938**	**(1 084 058)**	**–**	**725 539**
Capital expenditure	**143 495**	**–**	**25 401**	**–**	**168 896**

[a] Allocation from active missions to support activities.
[b] $73.721 million for cost recovery between missions, $22.104 million for the transfer of strategic deployment stocks to peacekeeping missions and the transfer of inventory and equipment between peacekeeping missions, and $3.074 million for the allocation from active missions to the reserve fund for workers' compensation.
[c] Cross-borrowings between missions.

Segment performance and position, 30 June 2021

(Thousands of United States dollars)

Current year	*Active missions*	*Closed missions*	*Support activities*	*Eliminations*	*Total 2020/21*
Segment revenue					
Assessed contributions	6 796 756	–	–	–	6 796 756
Voluntary contributions	335 693	–	5 654	–	341 347
Transfers and allocations	–	–	449 765	(448 353)[a]	1 412
Other external sources	22 058	805	138 798	(90 748)[b]	70 913
Total revenue	**7 154 507**	**805**	**594 217**	**(539 101)**	**7 210 428**
Total segment expense	**7 107 396**	**985**	**696 174**	**(539 101)**	**7 265 454**
Surplus/(deficit) for the year	**47 111**	**(180)**	**(101 957)**	**–**	**(55 026)**
Segment assets	4 203 356	294 809	505 335	(106 328)[c]	4 897 172
Segment liabilities	2 144 354	288 274	2 177 586	(106 328)[c]	4 503 886
Total net assets	**2 059 002**	**6 535**	**(1 672 251)**	**–**	**393 286**
Capital expenditure	**161 948**	**–**	**21 503**	**–**	**183 451**

[a] Allocation from active missions to support activities.
[b] $74.708 million for cost recovery between missions, $12.813 million for the transfer of strategic deployment stocks to peacekeeping missions and the transfer of inventory and equipment between peacekeeping missions, and $3.227 million for the allocation from active missions to the reserve fund for workers' compensation.
[c] Cross-borrowings between missions.

Note 7
Comparison to budget

93. Statement V, the statement of comparison of budget and actual amounts, presents the difference between budget amounts, which are prepared on a modified cash basis, and actual expenditure on a comparable basis.

94. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each mission under Assembly resolutions.

95. Prorated costs relating to the support account for peacekeeping operations, UNLB and RSCE are calculated in accordance with the note by the Secretary-General on their financing (A/C.5/75/24).

Material differences

96. The original budget amounts are the appropriations and voluntary contributions approved on 30 June 2021 by the General Assembly for the financial year from 1 July 2021 to 30 June 2022. The final budget reflects the original budget appropriation with any amendments by the Assembly and commitment authorities approved by the Advisory Committee on Administrative and Budgetary Questions.

97. Material differences between the final budget appropriation and actual expenditure on a modified accrual basis are deemed to be those greater than 5 per cent and are considered below.

Mission	*General Assembly resolution and Advisory Committee letter*	*Note*
UNAMID	75/251 C	**Expenditure 16.45 per cent ($14.0 million) less than final budget** The underexpenditure was due mainly to reduced requirements under civilian personnel, owing primarily to the earlier-than-planned repatriation of civilian personnel and lower-than-planned payments due to staff members at the time of their separation from service.
UNISFA	75/297 and letter dated 23 March 2022 from the Advisory Committee addressed to the Secretary-General	**Final budget 24.06 per cent ($67.50 million) more than original budget** The variance is attributable to a commitment authority of $67.50 million approved by the Advisory Committee in its letter dated 23 March 2022, to meet additional requirements for the replacement of military personnel and the associated operational costs owing to the reconfiguration of the Force.

Mission	*General Assembly resolution and Advisory Committee letter*	*Note*
UNFICYP	75/299	Non-material difference
UNDOF	75/303	
UNIFIL	75/250 B	
MINURSO	75/305	
UNMIK	75/301	
MONUSCO	75/300	
UNSOS	75/306	
UNMISS	75/304	
MINUSMA	75/302	
MINUSCA	75/298	
Support account	75/293	
UNLB – other activities	75/295	
RSCE	75/294	

98. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts (statement V) and the actual amounts in the statement of cash flows (statement IV) is reflected in the table below.

Reconciliation of actual amounts on a comparable basis to statement of cash flows for the year ended 30 June 2022

(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amount on comparable basis (statement V)	**(6 394 211)**	–	–	**(6 394 211)**
Basis differences	(163 675)	(159 823)	–	(323 498)
Presentation differences	6 768 863	91 999	–	6 860 862
Actual amount in statement of cash flows (statement IV)	**210 977**	**(67 824)**	–	**143 153**

99. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results with the statement of cash flows, the modified cash elements, such as commitments against budget, must be eliminated. These commitments do not represent cash flows while they pertain to budgetary expenditures. Similarly, IPSAS-specific differences such as payments against prior year commitments and investing cash flows relating to acquisition of property, plant and equipment or intangible assets are included to reconcile the budgetary results to the statement of cash flows.

100. Entity differences represent cash flows of fund groups other than those of peacekeeping operations that are reported in the financial statements. The financial statements include results for all fund groups.

101. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. Given that the budget reflects the reporting period, there are no timing differences.

102. Presentation differences are differences in the format and classification approaches adopted for the presentation of the statement of cash flows and the statement of comparison of budget and actual amounts. An example of a format and classification difference would be that the amounts included in the comparison of budget and actual amounts are not separated into operating, investing and financing activities, as classified in the statement of cash flows. Generally, all expenditure included in the budgets of peacekeeping operations are considered for operating purposes and the expectation is therefore that the total for actual amounts on a comparable basis would be shown as an operating cash flow. An example of a presentation difference would include net changes in cash pool balances.

Note 8
Cash and cash equivalents

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Cash at bank and on hand	2 645	2 939
Cash pool cash and term deposits – original maturity of three months or less	270 179	126 732
Total cash and cash equivalents	**272 824**	**129 671**

Note 9
Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Assessed contributions	2 291 818	2 326 395
Allowance for doubtful receivables	(640 820)	(565 994)
Total assessed contributions receivable	**1 650 998**	**1 760 401**

Note 10
Receivables from non-exchange transactions: voluntary contributions

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Voluntary contributions	5 106	5 423
Allowance for doubtful receivables	(5 106)	(5 423)
Total voluntary contributions receivable	–	–

Note 11
Other receivables

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Member States	176 570	171 524
Receivables from United Nations-related party entities	13 599	12 961
Other exchange revenue receivables	10 049	12 639
Allowance for doubtful receivables	(154 434)	(147 953)
Total other receivables	**45 784**	**49 171**

Note 12
Inventories

103. Inventory balances held as at 30 June 2022 decreased by 5 per cent compared with the balances held the previous year. The levels of purchases and consumption increased by 7 per cent and 19 per cent, respectively, offset by inventory movements pertaining to the liquidation of UNAMID.

(Thousands of United States dollars)

	Strategic reserves	*Consumables and supplies*	*Total*
Opening inventory as at 1 July 2020	**84 474**	**259 713**	**344 187**
Purchase	61 427	299 158	360 585
Consumption	(65 078)	(268 478)	(333 556)
Impairment and write-offs	1	(24 562)	(24 561)
Total inventory as at 30 June 2021	**80 824**	**265 831**	**346 655**
Purchase	56 628	328 415	385 043
Consumption	(64 897)	(331 332)	(396 229)
Impairment and write-offs	–	(5 812)	(5 812)
Total inventory as at 30 June 2022	**72 555**	**257 102**	**329 657**

Note 13
Other assets

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Deferred charges	17 399	12 023
Advances to UNDP and other United Nations agencies	15 039	8 084
Advances to military and other personnel	4 006	4 441
Advances to staff	2 528	5 109
Advances to vendors	897	35
Advance transfers	2 716	5 290
Other	750	62
Total other assets	**43 335**	**35 044**

Note 14
Property, plant and equipment

104. The net book value of property, plant and equipment as at 30 June 2022 was $1,166.4 million (2020/21: $1,247.6 million). The total cost of acquisitions during 2022 was $168.9 million (2020/21: $183.5 million).

105. During the year, peacekeeping operations disposed of property, plant and equipment in the amount of $78.8 million (2020/21: $62.1 million), at net book value, which is attributable mainly to the liquidation of UNAMID. Equipment was written down by $16.5 million (2020/21: $9.3 million), owing mainly to surplus items of $10.0 million (2020/21: $1.3 million), hostile actions, items reported lost and theft of $3.4 million (2020/21: $5.3 million), damage, accidents and malfunctions of $2.0 million (2020/21: $0.8 million) and normal wear and tear and other reasons of $1.1 million (2020/21: $1.9 million). Buildings and infrastructure were written down by $62.3 million (2020/21: $52.8 million), of which $42.4 million was attributable to items that were uneconomical to recover (2020/21: $40.0 million), surplus items of $16.5 million (2020/21: $9.3 million), items reported lost of $3.3 million (2020/21: nil) and damage, accidents and malfunctions of $0.1 million (2020/21: $3.5 million).

106. During the year, an asset was reported as partially impaired in the amount of $0.1 million (2020/21: none).

107. Peacekeeping operations had no significant heritage assets as at the reporting date (2020/21: none).

Property, plant and equipment: 2021/22

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Cost as at 1 July 2021	**943 337**	**571 722**	**422**	**3 909**	**336 937**	**734 857**	**421 729**	**44 908**	**3 057 821**
Additions	54 917	4 571	–	(11)	19 858	26 671	32 191	30 699	168 896
Disposals[a]	(79 796)	(93 076)	–	(186)	(52 416)	(112 106)	(62 275)	–	(399 855)
Completed assets under construction	4 745	13 344	–	–	–	–	–	(18 089)	–
Cost as at 30 June 2022	**923 203**	**496 561**	**422**	**3 712**	**304 379**	**649 422**	**391 645**	**57 518**	**2 826 862**
Accumulated depreciation and impairment as at 1 July 2021	**(517 902)**	**(237 957)**	**(422)**	**(2 916)**	**(259 572)**	**(522 954)**	**(268 504)**	**–**	**(1 810 227)**
Depreciation	(52 068)	(27 854)	–	(89)	(21 143)	(34 477)	(32 959)	–	(168 590)
Disposals[a]	52 188	56 513	–	186	51 732	101 880	55 939	–	318 438
Impairment	(129)	–	–	–	–	–	–	–	(129)
Accumulated depreciation and impairment as at 30 June 2022	**(517 911)**	**(209 298)**	**(422)**	**(2 819)**	**(228 983)**	**(455 551)**	**(245 524)**	**–**	**(1 660 508)**
Net carrying amount									
1 July 2021	**425 435**	**333 765**	**–**	**993**	**77 365**	**211 903**	**153 225**	**44 908**	**1 247 594**
Net carrying amount 30 June 2022	**405 292**	**287 263**	**–**	**893**	**75 396**	**193 871**	**146 121**	**57 518**	**1 166 354**

[a] $2.664 million in net asset transfers have been reported under disposals.

Property, plant and equipment: 2020/21

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Leasehold improvements*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Cost as at 1 July 2020	**967 115**	**626 062**	**422**	**3 421**	**342 019**	**761 746**	**402 427**	**41 748**	**3 144 960**
Additions	39 621	8 083	–	508	19 308	18 039	54 992	42 901	183 452
Disposals[a]	(78 823)	(86 740)	–	(20)	(24 390)	(44 928)	(35 690)	–	(270 591)
Completed assets under construction	15 424	24 317	–	–	–	–	–	(39 741)	–
Cost as at 30 June 2021	**943 337**	**571 722**	**422**	**3 909**	**336 937**	**734 857**	**421 729**	**44 908**	**3 057 821**
Accumulated depreciation and impairment as at 1 July 2020	**(512 645)**	**(254 889)**	**(422)**	**(2 810)**	**(254 749)**	**(517 305)**	**(255 880)**	**–**	**(1 798 700)**
Depreciation	(64 418)	(32 779)	–	(126)	(27 988)	(46 991)	(36 445)	–	(208 747)
Disposals[a]	59 161	49 711	–	20	23 165	41 342	23 821	–	197 220
Accumulated depreciation and impairment as at 30 June 2021	**(517 902)**	**(237 957)**	**(422)**	**(2 916)**	**(259 572)**	**(522 954)**	**(268 504)**	–	**(1 810 227)**
Net carrying amount									
1 July 2020	**454 470**	**371 173**	**–**	**611**	**87 270**	**244 441**	**146 547**	**41 748**	**1 346 260**
Net carrying amount 30 June 2021	**425 435**	**333 765**	**–**	**993**	**77 365**	**211 903**	**153 225**	**44 908**	**1 247 594**

[a] $11.229 million in net asset transfers have been reported under disposals.

Note 15
Intangible assets

(Thousands of United States dollars)

	Software developed internally	*Licence rights*	*Assets under development*	*Total*
Opening cost 1 July 2021	**4 853**	**282**	**146**	**5 281**[a]
Additions	–	–	157	157
Total cost 30 June 2022	**4 853**	**282**	**303**	**5 438**
Opening accumulated amortization 1 July 2021	**(2 203)**	**(231)**	–	**(2 434)**
Amortization	(447)	(25)	–	(472)
Closing accumulated amortization 30 June 2022	**(2 650)**	**(256)**	–	**(2 906)**
Net book value 1 July 2021	2 650	51	146	2 847
Net book value 30 June 2022	**2 203**	**26**	**303**	**2 532**

[a] Restated to correct the total amount as previously reported in A/76/5 (Vol. II).

108. The final approved budget for the Umoja project up to 31 December 2021 was $590.8 million. During the current financial period, peacekeeping operations contributed $15.8 million (2020/21: $13.4 million) to Umoja-related expenditure (see note 25, under grants and other transfers), bringing the total contributions to $366.4 million (2020/21: $350.6 million restated). Capitalizable expenditure related to Umoja is reported as an intangible asset in the financial statements of the United Nations, volume I, and the cost-sharing of peacekeeping operations is expensed in these financial statements.

Note 16
Accounts payable

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Accruals for goods and services	339 318	444 410
Vendor payables	192 341	153 953
Payables to United Nations related party entities	7 234	3 934
Transfers payable	390	1 193
Other	12 017	14 340
Subtotal accounts payable and accrued liabilities	**551 300**	**617 830**
Member States accounts payable	1 151 126	1 200 602
Total accounts payable	**1 702 426**	**1 818 432**

Note 17
Advance receipts

109. Advance receipts relate to contributions received that will be applied to the subsequent years’ assessment, as well as deferred income.

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Advance receipts from Member States	329 877	7 684
Deferred income	13 323	6 164
Total advance receipts	**343 200**	**13 848**

Note 18
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
30 June 2022			
After-service health insurance	9 391	1 199 589	1 208 980
Annual leave	6 251	102 649	108 900
Repatriation benefits	13 181	193 371	206 552
Subtotal defined-benefit liabilities	**28 823**	**1 495 609**	**1 524 432**
Accrued salaries and allowances	54 418	–	54 418
Appendix D/workers' compensation	2 162	48 701	50 863
Total employee benefits liabilities	**85 403**	**1 544 310**	**1 629 713**
30 June 2021			
After-service health insurance	8 928	1 723 008	1 731 936
Annual leave	3 614	98 678	102 292
Repatriation benefits	9 983	227 022	237 005
Subtotal defined-benefit liabilities	**22 525**	**2 048 708**	**2 071 233**
Accrued salaries and allowances	70 313	–	70 313
Appendix D/workers' compensation	2 068	45 736	47 804
Total employee benefits liabilities	**94 906**	**2 094 444**	**2 189 350**

110. The liabilities arising from post-employment benefits and the workers' compensation programme under appendix D to the Staff Regulations and Rules are determined by independent actuaries. The actuarial valuation for after-service health insurance, annual leave and repatriation benefits is usually undertaken every two years. The most recent full actuarial valuation was conducted as at 31 December 2021. The balances as at 30 June 2022 represent a roll forward of the December 2021 actuarial valuation results.

111. The after-service health insurance programme provides eligible staff members with continued health insurance coverage throughout their retirement under the same health insurance schemes available to active United Nations staff. Premium rates established for all such health plans are reviewed and, where necessary, revised annually to ensure that a sufficient level of operational reserves is available to maintain each plan.

112. The General Assembly establishes ratios for the share of contributions of the Organization and the staff to the United Nations health insurance plans. Currently, contribution ratios between the Organization and active and retired staff for the health

insurance plans are 2 to 1 for all United States-based plans, 1 to 1 for non-United States-based plans administered by Headquarters, and 3 to 1 for the Medical Insurance Plan.

113. The after-service health insurance programme is funded on a pay-as-you-go basis as medical benefits are accessed by retirees, with increasing costs attributable notably to changing demographics, improved life expectancy and the increased cost of health-care services. To address the growing costs of health insurance, the Organization has over the years adopted cost containment initiatives while ensuring that participants continue to have access to appropriate insurance coverage to meet their health-care needs. Health insurance costs are controlled by the manner in which the plans are structured and through ongoing reviews of plan provisions and benefits offered. To manage the inherent risks related to funding, the Organization periodically carries out a funding study of the after-service health insurance program in order to analyse and explore options for the improvement of efficiency and the containment of costs and liabilities associated with the Organization's health insurance obligations.

114. Previously, the Organization used the initial entry date of active staff members in the United Nations Joint Staff Pension Fund to determine qualifying service periods for the valuation of after-service health insurance liabilities. During 2021, a special project was carried out to enrich historic information on periods of enrolment of active staff in eligible medical insurance programmes. This is a more precise dimension for assessing eligibility for after-service health insurance since eligibility is based on the insurance enrolment period rather than the period of employment of a staff member. The enriched data allowed the Organization's actuaries to use the enrolment period to replace the Pension Fund entry on duty date for the calculation of actuarial liabilities for active staff during the 2021 full valuation, as well as for rolling the valuation result forward to 30 June 2022. In cases where historic data on medical enrolment were not available or were incomplete, the Pension Fund entry date was retained to ascertain a more prudent approach to calculating the after-service health insurance liability.

115. The principal actuarial assumptions used to determine the employee benefits obligations on 30 June 2022 and 30 June 2021 are shown below. Discount rates and health-care cost trend rates were updated as at 30 June 2022. Demographic and salary increase assumptions were updated as at 31 December 2021, with all other assumptions being retained from the previous valuation. The estimated duration of the after-service health insurance liability is 21 years as at 30 June 2022.

Actuarial assumptions

(Percentage)

Assumption	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates (30 June 2022)	4.80	4.53	4.60
Discount rates (30 June 2021)	3.33	2.31	2.51

116. The updated yield curves of Aon Hewitt, a human capital and management consulting firm, were used for discount rate assumptions.

117. The salary increase assumptions for staff in the Professional and higher categories were 9.27 per cent for the age of 19, grading down to 3.97 per cent for the age of 65. The salaries of staff in the General Service and related categories were assumed to increase by 6.84 per cent for the age of 19, grading down to 3.97 per cent for the age of 65. Those assumptions were used for the United Nations Joint Staff Pension Fund scheme and implemented for this actuarial valuation to ensure modelling consistency.

118. Another assumption that had an impact on the actuarially valued employee benefits liabilities, in addition to the discount rates discussed above, included changes

in the per capita claims cost by age. The table below shows the per capita claims cost assumption at 65 years old.

Per capita claims cost

(United States dollars)

Plan	*30 June 2022*	*30 June 2021*
United States plans		
Aetna/HIP/HMO – no Medicare	15 364	14 571
Aetna/HIP/HMO – Medicare	10 671	10 136
Blue Cross – no Medicare	12 213	11 582
Blue Cross – Medicare	10 442	9 918
Cigna Dental	1 043	975
Non-United States plans		
UNSMIS	6 867	6 622
Cigna WWP/FMIP/SMIP/GKK	3 622	3 490
MIP	2 036	1 961

Abbreviations: FMIP, full medical insurance plan; GKK, Wiener Gebietskrankenkasse; HIP, health insurance plan of New York; HMO, health maintenance organization; MIP, medical insurance plan; SMIP, supplemental medical insurance plan; UNSMIS, United Nations Staff Mutual Insurance Society against Sickness and Accidents; WWP, worldwide plan.

119. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation were based on the Aon Hewitt long-term assumption. The age-related increases in claims used in the actuarial valuation have not changed since 30 June 2021.

Health-care cost trend assumptions

(Percentage)

	30 June 2022			*30 June 2021*		
	Initial	*Final*	*Grade down*	*Initial*	*Final*	*Grade down*
United States non-Medicare	5.14	3.65	10 years	5.34	4.05	14 years
United States Medicare	5.00	3.65	10 years	5.18	4.05	14 years
United States dental	4.50	3.65	10 years	4.62	4.05	14 years
Non-United States, Switzerland	3.47	2.45	7 years	3.64	2.75	8 years
Non-United States, eurozone	3.95	3.95	None	3.78	3.55	6 years

120. The salary increase assumptions for staff in the Professional and higher categories were 9.27 per cent for the age of 19 and grading down to 3.97 per cent for the age of 65. The salaries of staff in the General Service and related categories were assumed to increase by 6.84 per cent for the age of 19, grading down to 3.97 per cent for the age of 65. Those assumptions were used for the United Nations Joint Staff Pension Fund scheme and implemented for this actuarial valuation to ensure modelling consistency.

121. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 0–3 years – 10.9 per cent; 4−8 years – 1.0 per cent; and more than 9 years – 0.5 per cent, up to a maximum of

60 days for staff members on fixed-term appointments or 18 days for staff members on temporary appointments.

122. Regarding the valuation of repatriation benefits, inflation in travel costs was assumed to be 2.20 per cent for both the 2021 and 2022 valuations, on the basis of the projected United States inflation rate over the next 20 years.

123. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Pre-retirement mortality, as well as withdrawal and retirement assumptions, are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. In line with the recommendations of the United Nations system Task Force on Accounting Standards, the post-retirement mortality table applied for the December 2021 and June 2022 valuations is the weighted headcount mortality table provided by Buck, a firm that provides pensions and employee benefits consulting services.

Pre-retirement mortality and disability

	Rates of death		*Rates of disability*			
	All staff		*General Service staff*		*Professional staff*	
Age	*Male*	*Female*	*Male*	*Female*	*Male*	*Female*
20	0.00062	0.00034	0.00015	0.00030	0.00006	0.00022
25	0.00062	0.00034	0.00015	0.00030	0.00006	0.00022
30	0.00062	0.00041	0.00030	0.00030	0.00014	0.00022
35	0.00076	0.00050	0.00023	0.00050	0.00027	0.00022
40	0.00108	0.00059	0.00060	0.00060	0.00021	0.00033
45	0.00154	0.00074	0.00082	0.00080	0.00034	0.00044
50	0.00212	0.00087	0.00173	0.00130	0.00074	0.00066
55	0.00275	0.00103	0.00277	0.00250	0.00101	0.00132
60	0.00327	0.00122	0.00218	0.00380	0.00135	0.00209
61	0.00350	0.00143	0.00218	0.00420	0.00141	0.00231
62	0.00378	0.00166	0.00218	0.00460	0.00149	0.00253
63	0.00410	0.00194	0.00218	0.00500	0.00168	0.00275
64	0.00450	0.00226	0.00218	0.00550	0.00183	0.00297
65	0.00495	0.00263	0.00000	0.00000	0.00000	0.00000

Post-retirement mortality and disability

	Rates of death		*Rates of disability*	
Age	*Male*	*Female*	*Male*	*Female*
20	0.00062	0.00035	0.00062	0.00035
25	0.00062	0.00035	0.00062	0.00041
30	0.00062	0.00041	0.00077	0.00050
35	0.00077	0.00050	0.00108	0.00060
40	0.00108	0.00060	0.00156	0.00074
45	0.00156	0.00074	0.00238	0.00084
50	0.00292	0.00100	0.00342	0.00093
55	0.00517	0.00148	0.00409	0.00147
60	0.00582	0.00210	0.00557	0.00290

	Rates of death		*Rates of disability*	
Age	*Male*	*Female*	*Male*	*Female*
65	0.00738	0.00327	0.00913	0.00561
70	0.01113	0.00570	0.01799	0.01091
75	0.01987	0.01084	0.03519	0.02080
80	0.03601	0.02081	0.06310	0.03837
85	0.06215	0.03860	0.10357	0.06885
90	0.10068	0.06884	0.16014	0.12325
95	0.15558	0.12021	0.23720	0.22005
100	0.23033	0.20496	0.34806	0.34349
105	0.34299	0.33151	0.61226	0.57673
110	0.61226	0.57673	1.00000	1.00000
115	1.00000	1.00000	1.00000	1.00000

Movement in employee benefits liabilities accounted for as defined-benefits plans

(Thousands of United States dollars)

	30 June 2022	*30 June 2021[a] (restated)*
Net defined-benefit liability at 1 July	**2 071 233**	**1 911 640**
Current service cost	98 546	98 207
Interest cost	65 585	57 470
Benefits paid	(52 737)	(46 754)
Total net costs recognized in the statement of financial performance	**111 394**	**108 923**
Actuarial (gains)/losses recognized directly in the statement of changes in net assets[b]	(658 195)	50 670
Due to changes in financial assumptions	*(540 830)*	*50 670*
Due to changes in demographic assumptions	*3 885*	–
Due to experience adjustment	*(121 250)*	–
Net defined-benefit liability at 30 June	**1 524 432**	**2 071 233**

[a] Restated to conform to the current year presentation.

[b] Cumulative amount of actuarial gains and losses recognized in the statement of changes in net assets is a net gain of $721.202 million (2020/21: net gain of $63.007 million).

Discount rate sensitivity analysis

124. Should the discount rate assumption vary by 0.5 per cent, its impact on the obligations would be as shown below.

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
30 June 2022			
Increase of discount rate by 0.5 per cent	(128 710)	(6 779)	(4 077)
As a percentage of end-of-year liability	(11)	(3)	(4)
Decrease of discount rate by 0.5 per cent	150 447	7 212	4 370
As a percentage of end-of-year liability	12	3	4
30 June 2021			
Increase of discount rate by 0.5 per cent	(188 490)	(8 055)	(4 242)
As a percentage of end-of-year liability	(11)	(3)	(4)
Decrease of discount rate by 0.5 per cent	220 431	8 575	4 566
As a percentage of end-of-year liability	13	4	4

Medical cost sensitivity analysis

125. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. Should the medical cost trend assumption vary by 0.5 per cent, this would have an impact on the measurement of the defined-benefit obligations as shown below.

(Thousands of United States dollars)

	30 June 2022		*30 June 2021*	
	Increase	*Decrease*	*Increase*	*Decrease*
0.5 per cent movement in the assumed medical cost trend rates				
Effect on the after-service health insurance defined-benefit liabilities	144 921	(125 507)	212 819	(184 162)
Effect on the aggregate of the current service cost and interest cost	14 448	(12 328)	20 247	(17 229)

126. The claims cost sensitivity analysis, at 65 years, is presented below.

(Thousands of United States dollars)

Scenario	*After-service health insurance defined-benefit liability at 30 June 2022*	*Impact*	*Impact (percentage)*
Central	1 208 980	–	–
Increase by 1 per cent	1 220 932	11 952	1.0
Decrease by 1 per cent	1 197 029	(11 951)	(1.0)

127. The sensitivity analysis for changes in life expectancy is summarized below.

(Thousands of United States dollars)

Scenario	*After-service health insurance defined-benefit liability at 30 June 2022*	*Impact*	*Impact (percentage)*
Central	1 208 980	–	–
Increase by 1 year	1 259 373	50 393	4.2
Decrease by 1 year	1 159 460	(49 520)	(4.1)

Other defined-benefit plan information

128. The benefits paid are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave.

Benefits paid, net of participant contributions

(Thousands of United States dollars)

Year ended	*After-service health insurance*	*Repatriation benefits*	*Annual leave*	*Total*
30 June 2022	18 920	23 704	10 113	52 737
30 June 2021	17 358	21 570	7 826	46 754

Historical information: total after-service health insurance, annual leave and repatriation defined-benefits liability, as at 30 June

(Thousands of United States dollars)

	2021	*2020*	*2019*	*2018*	*2017*
Present value of defined-benefit obligations	2 071 233	1 911 640	2 013 922	1 647 923	1 756 938

Accrued salaries and allowances

129. Other accrued salaries liabilities as at the reporting date include accruals for home leave of $25.5 million (2020/21: $33.0 million), repatriation and resettlement allowances of $5.9 million (2020/21: $5.8 million), family visits of $0.5 million (2020/21: $0.9 million), compensatory time off of $1.9 million (2020/21: $2.1 million) and other accrued salaries and other benefits of $20.6 million (2020/21: $28.5 million).

Fund for peacekeeping compensation payments: appendix D/workers' compensation

130. The fund for compensation payments relates to death, injury or illness attributable to the performance of official duties. The rules governing the compensation payments are under appendix D to the Staff Regulations and Rules. The fund derives its revenue from a charge of 0.5 per cent of net base salary, including post adjustment, which is recorded as employee expenses against the budgets of peacekeeping missions. The fund covers appendix D claims submitted by peacekeeping personnel, covering monthly death and disability benefits and lump-sum payments for injury or illness as well as medical expenses.

131. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are adjusted for cost-of-living allowance and for mortality and then discounted to present value. Obligations as at 30 June 2022, estimated at $50.9 million, are based on a roll forward of the

31 December 2021 valuation. The cost-of-living adjustment used in the valuation on 30 June 2022 was 2.5 per cent (2020/21: 2.0 per cent). Mortality assumptions are based on WHO statistical tables. As with defined-benefit liabilities, Aon Hewitt yield curves are used in determining discount rates.

132. The sensitivity analysis looks at the change in liability resulting from changes in the cost-of-living adjustment and in the discount rates. A change of 1 per cent would have an impact on the measurement of the appendix D obligation as shown below.

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Increase of cost-of-living adjustment by 1 per cent	8 315	7 325
As a percentage of end-of-year liability	16	15
Decrease of cost-of-living adjustment by 1 per cent	(6 413)	(5 853)
As a percentage of end-of-year liability	(13)	(12)
Increase of discount rate by 1 per cent	(6 542)	(6 086)
As a percentage of end-of-year liability	(13)	(13)
Decrease of discount rate by 1 per cent	8 300	7 742
As a percentage of end-of-year liability	16	16

United Nations Joint Staff Pension Fund

133. It is stated in the Regulations of the United Nations Joint Staff Pension Fund that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by a consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Pension Fund will be sufficient to meet its liabilities.

134. The financial obligation of the United Nations peacekeeping operations to the Pension Fund consists of mandated contributions, based on rates established by the General Assembly (currently at 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. Each member organization shall contribute to remedying this deficiency with an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

135. The actuarial valuation performed as at 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 158.2 per cent (2019: 144.4 per cent). The funded ratio was 117.0 per cent (2019: 107.1 per cent) when the current system of pension adjustments was taken into account.

136. After assessing the actuarial sufficiency of the Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2021, 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 at the valuation date. At the time of reporting, the General Assembly has not invoked the provision of article 26.

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

Note 19
Provisions

138. The peacekeeping missions are subject to a variety of claims that arise in the course of their operations. These claims are segregated into two main categories: commercial and administrative law claims. As at the reporting date, several commercial claims for non-performance or breach of contract and non-consensual use of premises were pending against several peacekeeping operations in various locations. As at 30 June 2022, the amount to settle these cases was estimated at $8.1 million (2020/21: $15.1 million), including $7.7 million (2020/21: $7.1 million) carried over from the prior year. A provision of $1.3 million (2020/21: $1.1 million) was established for administrative cases brought by current or former employees. The timing of the outflows for these commercial claims and administrative cases is estimated to be within one year.

139. The restoration provisions of $11.3 million (2020/21: $13.0 million) to return premises to their original shape and condition upon vacation of the premises includes new provisions of $0.2 million for MINUSCA, MONUSCO and UNMISS. The timing of the outflows for restoration provisions cannot be reasonably estimated.

140. Provisions have been made in the amount of $214.1 million (2020/21: $366.9 million) for credits to Member States. Provisions of $45.3 million were retained for UNMIL, MINUSTAH/MINUJUSTH and UNAMID. Those provisions totalled $259.4 million (2020/21: $393.3 million). The credits to Member States for active missions comprise uncommitted appropriations of $48.0 million (2020/21: $210.6 million), investment revenue, other revenue and prior-period adjustment of $18.6 million (2020/21: $18.3 million) and cancellation of prior-period commitments amounting to $147.5 million (2020/21: $138.0 million). The disposal of these provisions for credits to Member States will be decided by the General Assembly in the next fiscal year.

(Thousands of United States dollars)

	Credits to Member States	*Litigation and claims*	*Restoration*	*Restructuring*	*Total*
Provisions as at 1 July 2020	**243 399**	**16 900**	**12 812**	**–**	**273 111**
Additional provisions made	366 923	8 959	1 562	–	377 444
Unused amounts reversed	(205)	(7 271)	(1 274)	–	(8 750)
Amounts used	(216 850)	(2 362)	(129)	–	(219 341)
Provisions as at 30 June 2021	**393 267**	**16 226**	**12 971**	**–**	**422 464**
Additional provisions made	214 092	1 574	176	–	215 842
Unused amounts reversed	(27)	(7 507)	(1 849)	–	(9 383)
Amounts used	(347 895)	(930)	–	–	(348 825)
Provisions as at 30 June 2022	**259 437**	**9 363**	**11 298**	**–**	**280 098**

Note 20
Other liabilities

(Thousands of United States dollars)

	30 June 2022	*30 June 2021*
Borrowings[a]	47 376	47 376
Other liabilities	11 866	12 416
Total other liabilities	**59 242**	**59 792**

[a] See note 27 regarding the payable to the United Nations General Fund (para. 209).

Note 21
Accumulated surpluses/deficits

141. The unrestricted accumulated surplus includes the accumulated deficit for liabilities for after-service health insurance, repatriation benefits and annual leave. It also includes the cumulative surplus of strategic deployment stocks, which is carried over to the next financial year for the replenishment of stocks, and the cumulative surplus in the peacekeeping cost-recovery fund, which is carried over for spending.

Accumulated surplus: restricted

142. On a number of occasions, the General Assembly has authorized UNDOF and UNIFIL to retain surpluses that otherwise would have been returned to Member States. Accumulated surpluses of $36.0 million and $19.6 million in UNDOF and UNIFIL, respectively, are presented as restricted in the statement of financial position and the statement of changes in net assets. Those amounts correspond to the unpaid assessed contributions that were put on hold by the Assembly in its resolution 36/116 A.

143. In its resolution 57/323, the General Assembly decided to suspend the return of accumulated surpluses for UNSMIH, UNTMIH, MIPONUH, MINURCA, MINUGUA, UNOSOM and UNTAC in the light of the cash shortages in those missions. The accumulated surpluses of those missions are presented as restricted in the statement of financial position and the statement of changes in net assets.

Note 22
Reserves

Peacekeeping Reserve Fund

144. The Peacekeeping Reserve Fund was established as a cash flow mechanism to support the rapid response of peacekeeping operations to meet expenses and capital requirements for the start-up or expansion of peacekeeping operations During the current financial period, the Peacekeeping Reserve Fund has not provided any new loans (2020/21: none).

145. By its resolution 76/272 of 29 June 2022, the General Assembly approved the use of the Peacekeeping Reserve Fund as a liquidity mechanism up to the level of $110 million for active peacekeeping operations and the retention of $40 million in reserve for the original intention of the Fund.

146. As at the reporting date, outstanding advances in an amount of $12.8 million were due from MINURCA (2020/21: $12.8 million), which have been outstanding since February 2000 owing to insufficient cash resources in the mission.

147. As at the reporting date, the Peacekeeping Reserve Fund had reserves of $150.0 million (2020/21: $150.0 million) and a cumulative deficit of $0.3 million (2020/21: cumulative surplus of $4.2 million), representing investment loss of $0.8 million for the period ended 30 June 2022 and investment revenue of $0.5 million for the period ended 30 June 2021. The latter amount will be applied to meet the requirements of the support account for peacekeeping operations for 2022/23. Future treatment regarding the cumulative deficit of $0.8 million related to the period ended 30 June 2022 will be decided by the General Assembly.

Note 23
Revenue from non-exchange transactions and other revenues

Assessed contributions

148. Assessed contributions of $6,343.5 million (2020/21: $6,796.8 million) have been recorded in accordance with the Financial Regulations and Rules, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the peacekeeping scale of assessment.

Voluntary contributions

149. Revenue from in-kind contributions represents confirmed contributions of goods, landing rights fees, airport fees, vehicle registration fees and permission to use facilities and premises. On the basis of fair rental value, a total of $295.5 million (2020/21: $296.4 million) representing facilities and premises was provided during the reporting period. Landing fees and other fees at airports totalling $16.4 million (2020/21: $18.4 million) and vehicle registration fees of $1.4 million (2020/21: $1.7 million) were waived. A variety of goods were provided, and fees waived amounted to $0.3 million (2020/21: $0.9 million), bringing total in-kind contributions to $313.6 million (2020/21: $317.4 million).

150. Voluntary contributions budgeted as reported in statement V represent voluntary contributions in cash and in kind that were budgeted for UNFICYP and MINURSO, as approved by the General Assembly.

(Thousands of United States dollars)

	2021/22	*2020/21*
Voluntary monetary contributions (Member States)	24 671	23 936
Voluntary in-kind contributions (Member States)	313 590	317 411
Total voluntary contributions	**338 261**	**341 347**

151. In-kind contributions of services are not recognized and are therefore not included in the in-kind contributions revenue above. These comprise various fees for services that are usually charged. Such waived fees included airport passenger taxes of $0.7 million (2020/21: $0.6 million), radio frequency fees of $4.1 million (2020/21: $4.3 million) and other services amounting to $0.2 million (2020/21: $0.3 million).

Other transfers and allocations

152. The other transfers and allocations of $1.8 million (2020/21: $1.4 million) represent the allocation from special political missions to RSCE.

Other revenue from exchange transactions

153. The majority of other revenue was generated from the cost-recovery fund (see note 27, para. 214). The cost recovery revenue of $66.8 million (2020/21: $52.8 million) comprises $38.8 million (2020/21: $35.0 million) for fuel, facilities and logistical support provided to other United Nations agencies, Member States, non-governmental organizations and international agencies, and $28.0 million (2020/21: $17.8 million) to vendors and other external entities. Including the revenue of $73.7 million (2020/21: $74.7 million) for the services provided between peacekeeping missions and, accordingly, eliminated in the consolidated financial statements, the total revenue of the cost recovery fund was $140.5 million (2020/21: $127.5 million).

(Thousands of United States dollars)

	2021/22	*2020/21*
Revenue generated from the cost-recovery fund	66 776	52 775
Revenue from sale of equipment and inventory	6 705	4 929
Net foreign exchange gains	9 230	632
Other miscellaneous revenue	2 547	2 088
Total other revenue	**85 258**	**60 424**

Note 24
Financial instruments and the cash pool

Cash pool

154. In addition to directly held cash and cash equivalents, peacekeeping operations participate in the United Nations Treasury main pool. The main pool comprises operational bank account balances in a number of currencies and investments in financial instruments. The pooling of funds has a positive effect on overall investment performance and risk, because of economies of scale and by virtue of the ability to spread yield curve exposures across a range of maturities. The allocation of main pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance. The financial instruments of the main pool are held for trading purposes and are therefore carried at fair value through surplus and deficit. There is no financial instrument held for other purposes or designated upon initial recognition as at fair value through surplus or deficit.

155. As at 30 June 2022, the main pool held total assets of $10,468.8 million (2020/21: $10,899.5 million), of which $1,499.4 million (2020/21: $1,452.5 million) pertained to peacekeeping operations. Their share of net loss from the main pool was $5.7 million (2020/21: $10.03 million net investment income) as a result of the unrealized losses incurred by the main pool.

Financial instruments

(Thousands of United States dollars)

	Note	*30 June 2022*	*30 June 2021*
Financial assets			
Fair value through surplus or deficit			
Short-term investments – share of main pool[a]		913 754	996 073
Long-term investments – share of main pool[b]		314 980	329 716
Total assets at fair value through surplus or deficit		**1 228 734**	**1 325 789**
Loans and receivables			
Cash and cash equivalents – share of main pool	8	270 179	126 732
Cash and cash equivalents – other	8	2 645	2 939
Subtotal cash and cash equivalents		**272 824**	**129 671**
Assessed contributions	9	1 650 998	1 760 401
Voluntary contributions	10	–	–
Other receivables	11	45 784	49 171
Other assets (excludes deferred charges)	13	25 936	23 021
Total loans and receivables		**1 995 542**	**1 962 264**
Total carrying amount of financial assets		**3 224 276**	**3 288 053**
Total financial assets relating to assets held in the main pool		**1 498 913**	**1 452 521**
Financial liabilities at amortized cost			
Accounts payable – Member States	16	1 151 126	1 200 602
Accounts payable – other	16	551 300	617 830
Other liabilities (excludes borrowings)	20	11 866	12 416
Total liabilities at amortized cost		**1 714 292**	**1 830 848**
Summary of net income from financial assets			
Net main cash pool (loss)/income		(5 661)	10 045
Other investment revenue		605	444
Total investment (loss)/revenue		**(5 056)**	**10 489**

[a] Carrying amount: $916.767 million at 30 June 2022, $998.750 million at 30 June 2021.
[b] Carrying amount: $324.539 million at 30 June 2022, $326.996 million at 30 June 2021.

Revenue from financial instruments

(Thousands of United States dollars)

	2021/22	2020/21
Financial instruments carried at fair value		
Investment revenue – share of main pool	12 917	15 691
Unrealized (losses) – share of main pool	(18 578)	(5 646)
(Loss)/revenue from financial assets carried at fair value	**(5 661)**	**10 045**
Financial instruments not carried at fair value		
Realized/unrealized gains/(losses)	–	–
Total (loss)/revenue from financial instruments	**(5 661)**	**10 045**

Financial risk management: overview

156. Peacekeeping operations have exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

157. The present note provides information on the exposure of peacekeeping operations to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Financial risk management: risk management framework

158. The risk management practices of peacekeeping operations are in accordance with the Financial Regulations and Rules and the United Nations Investment Management Guidelines. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

159. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

160. An Investment Committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates to them. Other than those disclosed, peacekeeping operations have not identified any further risk concentrations arising from financial instruments.

161. Peacekeeping operations define the capital that they manage as the aggregate of their net assets, which comprises accumulated fund balances and reserves. The objectives are to safeguard the ability of the operations to continue as a going concern and to fulfil the mandates of peacekeeping missions. Peacekeeping operations manage their capital in the light of global economic conditions, the risk characteristics of the underlying assets and their current and future working capital requirements.

Financial risk management: credit risk

162. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments, deposits and forward currency contracts with financial

institutions, as well as credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

Credit risk: management

163. The Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible main pool investments may include, but are not restricted to, bank deposits, commercial papers, supranational securities, government agency securities and government securities with maturities of five years or fewer. The main pool does not invest in derivative instruments such as asset-backed or mortgage-backed securities or in equity products.

164. The investment management function is centralized at United Nations Headquarters, and under normal circumstances, missions are not permitted to engage in investing activities.

Credit risk: contributions receivable and other receivables

165. A large portion of contributions receivable is due from Member States and other United Nations entities that do not have significant credit risk. As at the reporting date, peacekeeping operations did not hold any collateral as security for receivables (2020/21: none).

Credit risk: allowance for doubtful receivables

166. Peacekeeping operations evaluate the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the peacekeeping operation will not collect the full amount due. Balances credited to the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when previously impaired receivables are received. The movement in the allowances account during the year is shown below.

(Thousands of United States dollars)

	2021/22	*2020/21*
Allowance for doubtful receivables as at 1 July	**719 371**	**765 635**
Amounts written off	(314)	(3 426)
Adjustments during the year	81 302	(42 838)
Allowance for doubtful receivables as at 30 June	**800 359**	**719 371**

167. On the basis of their monitoring of credit risk, peacekeeping operations believe that, except as indicated, no impairment allowance is necessary in respect of receivables.

Credit risk: assessed contributions

168. The ageing and associated allowance of assessed contributions receivable are shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	2021/22		*2020/21*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	1 174 339	–	1 265 420	–
One to two years	248 087	–	199 706	–
More than two years	869 392	640 820	861 269	565 994
Total	**2 291 818**	**640 820**	**2 326 395**	**565 994**

Credit risk: voluntary contributions and other receivables

169. The ageing and associated allowance of receivables other than assessed contributions are shown below.

Ageing of voluntary contributions and other receivables

(Thousands of United States dollars)

	2021/22		*2020/21*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	5 254	–	11 269	–
Less than one year	28 434	–	26 908	–
One to two years	12 425	3 105	8 835	2 209
Two to three years	6 940	4 164	10 920	6 552
More than three years	152 271	152 271	144 616	144 616
Total	**205 324**	**159 540**	**202 548**	**153 377**

Credit risk: cash and cash equivalents

170. Peacekeeping operations had cash and cash equivalents of $272.8 million (2020/21: $129.7 million) as at the reporting date, which is the maximum credit exposure on these assets.

Credit risk: cash pool investments

171. It is required under the Investment Management Guidelines that investments not be made in issuers whose credit ratings are below specifications and provide for maximum concentrations with given issuers. With regard to the current and prior years, those requirements were met at the time the investments were made. The credit ratings used for the main pool are those determined by major credit-rating agencies; Standard & Poor’s Financial Services, Moody’s Investors Service and Fitch Ratings are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits.

Investments of the main pool by credit ratings as at year end

Investment	*Ratings as at 30 June 2022*	*Ratings as at 30 June 2021*
Bonds (long-term ratings)	S&P: 42.1% AAA/AAAu, 57.5% AA+u/AA+/AA and 0.4% not rated;	S&P: 40.3% AAA, 59.7% AA+u/AA+/AA/AA-/AA;
	Fitch: 57.4% AAA, 25.0% AA+/AA/AA- and 17.6% not rated;	Fitch: 64.5% AAA, 14.0% AA+/AA/AA- and 21.5% not rated;
	Moody’s: 60.6% Aaa, 36.7% Aa1/Aa2/Aa3 and 2.7% not rated	Moody’s: 55.5% Aaa, 36.8% Aa1/Aa2/Aa3 and 7.7% not rated
Commercial papers (short-term ratings)	S&P: 100.0% A-1+/A-1:	S&P: 98.3% A-1+u/A-1+/A-1 and 1.7% AAA;
	Fitch: 100.0% F1+/F1;	Fitch: 1.7% AAA, 91.3% F1+/F1, 6.9% not rated;
	Moody’s: 100.0% P-1/P-2/P-3	Moody’s: 1.7% Aaa, 96.7% P-1, 1.6% WR
Term deposits (Fitch viability ratings)	Fitch: 51.6% aa-, 48.4% a+/a/a-	Fitch: 25.01% aa/aa-, 48.81% a+/a/a- and 26.19% N/A
Certificates of deposit (short-term ratings)	S&P: 100% A1+/A1;	S&P: 100% A1+/A1;
	Fitch: 100% F1+/F1;	Fitch: 100% F1+/F1;
	Moody’s: 100% P-1	Moody’s: 100% P-1

172. The United Nations Treasury actively monitors credit ratings and, given that it has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Financial risk management: liquidity risk

173. Liquidity risk is the risk that peacekeeping operations may not have adequate funds to meet their obligations as they fall due. The approach to managing liquidity is to ensure that an operation will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of peacekeeping operations.

174. It is required under the Financial Regulations and Rules that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to assessed contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

175. Peacekeeping operations perform cash flow forecasting and monitor rolling forecasts of liquidity requirements to ensure there is sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. Peacekeeping operations maintain a large portion of their investments in cash equivalents and short-term investments sufficient to cover their commitments as and when they fall due.

176. Peacekeeping operations were approved to manage the cash resources of active peacekeeping missions as a pool in General Assembly resolution 73/307 for a trial period of three years in the context of liquidity management. This was extended for a

further five years pursuant to General Assembly resolution 76/272, adopted in in June 2022, in which the Assembly noted the positive impact the pooling has had on the timeliness of settlement of payments to troop- and police-contributing countries.

177. Cash shortages in MINURSO and UNMIK persisted during the 2021/22 period, with those missions continuing to utilize the cash pooling mechanism by borrowing from MINUSMA. During the period, MINURSO increased its borrowing to $15 million. Three missions, UNSOS, UNISFA and UNMISS, also experienced a liquidity deterioration at the end of the year, requiring borrowing from three active missions in June 2022; UNSOS had faced a similar situation the previous year. The following table shows the borrowings as at 30 June 2022:

(Thousands of United States dollars)

Borrowing mission	*Funding mission*	*30 June 2022*	*30 June 2021*
MINURSO	MINUSMA	15 000	10 000
UNMIK	MINUSMA	32 500	32 500
UNSOS	MINUSMA	25 000	40 000
UNISFA	MINUSMA	40 000	–
UNMISS	MONUSCO	40 000	–
UNMISS	UNIFIL	40 000	–
Borrowing as at 30 June		**192 500**	**82 500**

Liquidity risk: cash pool investments

178. The main pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of cash and cash equivalents and investments are available within one day's notice to support operational requirements. Main pool liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

179. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. As at the reporting date, peacekeeping operations had not pledged any collateral for any liabilities or contingent liabilities (2020/21: none), and during the year no accounts payable or other liabilities were forgiven by third parties (2020/21: none). Maturities for financial liabilities based on the earliest date at which peacekeeping operations can be required to settle each financial liability are shown below.

Maturities for financial liabilities, undiscounted

(Thousands of United States dollars)

	<3 months	3 to 12 months	>1 year	Total
As at 30 June 2022				
Accounts payable and accrued payables	1 702 426	–	–	1 702 426
Other liabilities (excludes borrowings)	11 866	–	–	11 866
Total as at 30 June 2022	**1 714 292**	**–**	**–**	**1 714 292**
As at 30 June 2021				
Accounts payable and accrued payables	1 818 432	–	–	1 818 432
Other liabilities (excludes borrowings)	12 416	–	–	12 416
Total as at 30 June 2021	**1 830 848**	**–**	**–**	**1 830 848**

Financial risk management: market risk

180. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the revenue of peacekeeping operations or the value of their financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the fiscal position.

Market risk: currency risk

181. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. Peacekeeping operations have transactions, assets and liabilities in currencies other than in their functional currency and are exposed to currency risk arising from fluctuations in currency exchange rates.

182. Non-United States dollar holdings have the primary objective of supporting local operating activities in mission countries. Peacekeeping operations maintain a minimum level of assets in local currencies and, whenever possible, maintain bank accounts in United States dollars. Some cash is held in currencies that are either legally restricted or not readily convertible to United States dollars and used exclusively for local expenses in the respective countries.

183. Peacekeeping operations mitigate currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes. Given that the main pool is predominantly denominated in United States dollars, it has low currency risk and, in conjunction with the low risk of other financial instruments, peacekeeping operations consider currency risk to be low (2020/21: currency risk considered to be low).

Market risk: interest rate risk

184. Interest rate risk is the risk of variability in fair values or future cash flows of financial instruments owing to changes in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, expressed in years. The longer the duration, the greater the interest rate risk.

185. Fixed-rate cash, cash equivalents and investments are the interest-bearing financial instruments of peacekeeping operations. The main pool comprises their

main exposure to interest rate risk. As at the reporting date, the main pool was invested primarily in securities with shorter terms to maturity, with the maximum being fewer than five years (2020/21: fewer than four years). The average duration of the main pool was 0.62 years (2020/21: 0.70 years), which is considered to be an indicator of low risk.

Market risk: cash pool interest rate risk sensitivity analysis

186. The cash pool interest rate risk sensitivity analysis shows how the fair value of the main pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease of the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

Main pool interest rate risk sensitivity analysis

(Millions of United States dollars)

	Shift in yield curve (basis points)								
	-200	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
Increase/(decrease) in fair value									
Main pool total: 30 June 2022	128.2	96.1	64.1	32.0	–	(32.0)	(64.1)	(96.1)	(128.2)
Main pool total: 30 June 2021	149.3	112.0	74.6	37.3	–	(37.3)	(74.6)	(112.0)	(149.3)

Market risk: other

187. The main pool is not exposed to significant other market price risk, given that it does not sell short or borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

188. All investments are reported at fair value through surplus and deficit. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Fair value hierarchy

189. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

190. The fair value of financial instruments traded in active markets is based on quoted market prices as at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and

those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the main pool is the current bid price.

191. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in level 2.

192. The following fair-value hierarchy presents the main pool assets that are measured at fair value as at the reporting date. There were no level 3 financial assets or any liabilities carried at fair value or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy

(Thousands of United States dollars)

	30 June 2022			*30 June 2021*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Main pool financial assets at fair value through surplus or deficit						
Bonds – corporate	29 324	–	29 324	30 272	–	30 272
Bonds – non-United States agencies	1 802 942	–	1 802 942	1 636 622	–	1 636 622
Bonds – non-United States sovereigns	99 294	–	99 294	90 553	–	90 553
Bonds – supranationals	1 095 884	–	1 095 884	843 012	–	843 012
Bonds – United States Treasury	771 507	–	771 507	599 250	–	599 250
Main pool – commercial papers	–	1 609 795	1 609 795	–	2 741 608	2 741 608
Main pool – certificate of deposit	–	1 622 149	1 622 149	–	2 333 586	2 333 586
Main pool – term deposits	–	1 525 000	1 525 000	–	1 660 000	1 660 000
Total	**3 798 951**	**4 756 944**	**8 555 895**	**3 199 709**	**6 735 194**	**9 934 903**

Note 25
Expenses

Employee salaries, allowances and benefits

193. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances.

(Thousands of United States dollars)

	2021/22	*2020/21*
Salary, wages and other entitlements	1 361 585	1 440 614
Pension and insurance benefits	335 219	340 075
After-service health insurance	11 646	11 752
Repatriation benefits	5 013	26 870
Leave benefits	12 830	20 148
Total employee salaries, allowances and benefits	**1 726 293**	**1 839 459**

Contingent contracted services

194. Expenses for contingent contracted services comprise reimbursements to troop- and formed police unit-contributing countries for personnel, equipment and self-sustainment services. The reimbursements are made at predetermined standard rates based on person/month and generic types of equipment.

(Thousands of United States dollars)

	2021/22	*2020/21*
Contingent troop and police costs	1 284 680	1 355 645
Contingent-owned equipment and self-sustainment	852 724	891 388
Contingent emplacement and rotation	124 336	116 087
Contingent operations	19 796	25 195
Total contingent contracted services	**2 281 536**	**2 388 315**

Non-employee compensation and allowances

195. Non-employee compensation and allowances consist of United Nations Volunteers living allowances and benefits, military observers and United Nations police mission subsistence and other compensation and allowances and consultant and contractors' fees.

(Thousands of United States dollars)

	2021/22	*2020/21*
United Nations Volunteers	81 757	81 806
Military observers	61 075	61 459
United Nations police	97 422	96 217
Consultants and other contractors	40 305	36 796
Other	11 075	11 958
Total non-employee compensation and allowances	**291 634**	**288 236**

Grants and other transfers

196. Grants and other transfers include outright grants to implementing agencies, partners and other entities for quick-impact projects. The allocation to direct support costs represents contributions to the Umoja-related expense, the administration of internal justice expense and the implementation of the global service delivery model.

(Thousands of United States dollars)

	2021/22	*2020/21*
Quick-impact projects	13 534	11 752
Transfers to implementing partners	57 886	57 556
Allocation to direct support costs	17 214	15 235
Total grants and other transfers	**88 634**	**84 543**

Supplies and consumables

197. Supplies and consumables include acquisition of fuel, rations, office supplies, spare parts, medical supplies and general maintenance supplies.

(Thousands of United States dollars)

	2021/22	*2020/21*
Fuel and lubricants	288 295	204 144
Rations	238 298	265 938
Spare parts and consumables	109 715	88 811
Write-off of inventory	5 812	24 561
Total supplies and consumables	**642 120**	**583 454**

Travel

198. Travel expenses relate to travelling costs such as transportation, allowances and other related costs for staff, consultants and non-staff.

(Thousands of United States dollars)

	2021/22	*2020/21*
Staff travel	22 529	14 875
Representative travel	253	134
Total travel	**22 782**	**15 009**

Self-insurance claims and expenses

199. Self-insurance claims and expenses in the amount of $2.4 million (2020/21: $2.4 million) relate to appendix D payments.

Other operating expenses

200. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, contributions-in-kind expenses, allowance for doubtful receivables and expenses related to mine action. Contributions-in-kind expenses include host countries' contributions, such as right-to-use facilities and rent expenses, landing expenses and vehicle registration expenses.

(Thousands of United States dollars)

	2021/22	*2020/21 (restated)*[a]
Air transport	400 444	402 925
Contributions in kind	313 277	316 535[a]
Communications and information technology	167 361	181 771
Other contracted services	164 331	179 474
Other	161 175	40 262
Mine action services	129 835	141 556
Acquisitions of goods	109 290	56 461

	2021/22	*2020/21 (restated)[a]*
Facilities	89 595	78 665
Maintenance and repair	49 080	48 533
Rent – offices, premises and equipment	36 258	37 499
Acquisitions of intangible items	19 773	17 784
Ground transport	6 097	12 961
Total other operating expenses	**1 646 516**	**1 514 426**

[a] Restated to conform to the current year presentation (see note 4).

Other expenses

201. Other expenses include hospitality and official functions, and ex gratia and compensation claims.

(Thousands of United States dollars)

	2021/22	*2020/21 (restated)[a]*
Ex gratia and compensation claims	948	1 015
Other	122	37
Total other expenses	**1 070**	**1 052**

[a] Restated to conform to the current year presentation (see note 4).

Note 26
Credits to Member States

(Thousands of United States dollars)

	2021/22	*2020/21*
Provisions made for the current year	214 092	366 923
Prior-year provisions unused and reversed	(27)	(205)
Prior-year provisions applied to assessments for commitment authorities	–	(27 421)
Total	**214 065**	**339 297**

Note 27
Related parties

Key management personnel

202. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of peacekeeping operations. The key management personnel group for peacekeeping operations comprises the Secretary-General, the Deputy Secretary-General and selected officials at the levels of Under-Secretary-General, Assistant Secretary-General and heads of peacekeeping missions. These persons have the relevant authority and responsibility for planning, directing and controlling the activities of peacekeeping operations.

Key management personnel as at 30 June 2022

Name	*Position*	*Date of appointment*
António Guterres	Secretary-General of the United Nations	January 2017
Amina J. Mohammed	Deputy Secretary-General of the United Nations	February 2017
Earle Courtenay Rattray	Chef de Cabinet	January 2022
Catherine Pollard	Under-Secretary-General for Management Strategy, Policy and Compliance	September 2019
Atul Khare	Under-Secretary-General for Operational Support	January 2019
Jean-Pierre Lacroix	Under-Secretary-General for Peace Operations	February 2017
Chandramouli Ramanathan	Controller	February 2019
Colin W. Stewart	Special Representative of the Secretary-General and Head of UNFICYP	December 2021
Major-General Ishwar Hamal	Head of UNDOF and Force Commander	July 2020
Major-General Aroldo Lázaro Sáenz	Head of UNIFIL and Force Commander	February 2022
Alexander Ivanko	Special Representative of the Secretary-General and Head of MINURSO	August 2021
Caroline Ziadeh	Special Representative of the Secretary-General and Head of UNMIK	January 2022
Bintou Keita	Special Representative of the Secretary-General and Head of MONUSCO	February 2021
Lisa K. Filipetto	Assistant Secretary-General and Head of UNSOS	March 2018
Major-General Benjamin Olufemi Sawyerr	Acting Head of UNISFA and Force Commander	February 2022
Nicholas R.L. Haysom	Special Representative of the Secretary-General and Head of UNMISS	April 2021
El-Ghassim Wane	Special Representative of the Secretary-General and Head of MINUSMA	May 2021
Valentine Rugwabiza	Special Representative of the Secretary-General and Head of MINUSCA	April 2022

203. The aggregate remuneration paid to key management personnel includes salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

(Thousands of United States dollars)

	2021/22	*2020/21*
Key management personnel		
Salary and post adjustment	5 392	5 578
Other monetary entitlements	2 341	1 922
Non-monetary benefits	754	857
Total key management personnel remuneration	**8 487**	**8 357**

204. A residence, with an annual rental fair value equivalent of $0.7 million (2020/21: $0.7 million), is provided to the Secretary-General free of charge. Other non-monetary benefits provided to key management personnel include free or subsidized housing and services. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations and Rules; such advances against entitlements are widely available to all staff of peacekeeping operations.

Trust fund activities related to peacekeeping operations

205. All trust funds, including those relating to peacekeeping operations, are consolidated in the financial statements of the United Nations, volume I. Financial rule 106.1 precludes peacekeeping-related trust funds from being reported in these statements. It limits these statements to peacekeeping operations with special accounts established by the Secretary-General only.

206. 206. The following peacekeeping-related trust funds augment the activities of peacekeeping operations. The reserves and fund balances of these related trust funds as at year end are shown below.

Activities related to peacekeeping operations funded by trust funds: reserves and fund balances

(Thousands of United States dollars)

	2021/22	*2020/21*
Trust fund in support of the delimitation and demarcation of the Ethiopia/Eritrea border	1 561	1 553
Trust fund for Somalia – unified command	431	429
Trust fund in support of the implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	9	9
Trust fund for the police assistance programme in Bosnia and Herzegovina	339	338
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 281	2 293
Trust fund in support of the Department of Peace Operations[a]	41 466	35 173
Trust fund to support the peace process in the Democratic Republic of the Congo	2 335	2 348
Trust fund to support the United Nations Interim Administration in Kosovo	1 158	1 153
Trust fund to support the Ituri Pacification Commission	8	8
Trust fund in support of the peace process in the Sudan	477	475
Trust fund for the African Union-United Nations joint mediation support team for Darfur	5 938	5 977
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 848	1 839
Trust fund to support lasting peace in Darfur	359	361
Trust fund in support of the African Union Mission in Somalia	6 093	8 745

	2021/22	*2020/21*
Trust fund in support of the African-led International Support Mission in Mali	777	783
Trust fund in support of peace and security in Mali	49 794	43 946
Trust fund for the United Nations Operation in Côte d'Ivoire	177	178
Trust fund in support of the political transition in Haiti	250	252
Trust fund in support of the elimination of Syrian chemical weapons	322	320
Trust fund in support of the African-led International Support Mission in the Central African Republic	213	215
Trust fund for the United Nations Mission in South Sudan	1 774	1 773
Trust fund to support peace and security in Cyprus	26	26
Trust fund to provide assistance to human rights victims in Kosovo	10	10
Trust fund to support the United Nations Office to the African Union pursuant to Security Council resolutions 2320 (2016), 2378 (2017) and 2457 (2019)	1 071	1 263
Trust fund for the United Nations Integrated Transition Assistance Mission in Sudan	5 684	–
Total	**124 401**	**109 467**

[a] Net assets of $2.922 million were transferred to the trust fund in support of the Department of Operational Support.

Peacekeeping-related operations funded by the regular budget

207. Shown below are peacekeeping-related operations that are funded by the regular budget and appear in the financial statements of the United Nations.

Peacekeeping-related operations funded by the regular budget

(Thousands of United States dollars)

	Appropriation	*Expenditure on a budget basis*	*Unencumbered balance*
Year ended 31 December 2021			
Department of Peace Operations	**5 913**	**5 550**	**363**
Peacekeeping missions funded by the regular budget			
UNTSO	38 785	35 136	3 649
UNMOGIP	10 416	9 429	987
Total	**55 114**	**50 115**	**4 999**
Year ended 31 December 2020			
Department of Peace Operations	**5 858**	**5 091**	**767**
Peacekeeping missions funded by the regular budget			
UNTSO	35 883	34 815	1 068
UNMOGIP	10 862	9 851	1 011
Total	**52 603**	**49 757**	**2 846**

Related entity transactions

208. In the ordinary course of business, in order to achieve economies in executing transactions, financial transactions are often executed by one financial reporting entity on behalf of another and subsequently settled. No interest is levied on inter-entity balances.

Payable to the United Nations General Fund

209. Peacekeeping operations have payables due to the United Nations General Fund in the amount of $47.4 million (2020/21: $47.4 million), of which $37.4 million relates to ONUC and $10.0 million relates to UNEF. Those missions were operational before the current financing mechanism for peacekeeping operations was established, and closed on 30 June 1964 and 30 June 1967, respectively. The repayment of these payables is dependent on collections of outstanding contributions from Member States. Given the age of these contributions, a full provision for doubtful debts has been recorded.

United Nations peacekeeping operations: balances reflected in the Tax Equalization Fund

210. The financial statements of peacekeeping operations report employee benefits expenses on a net-of-tax basis. The tax liabilities relating to peacekeeping operations are reported separately as part of the Tax Equalization Fund in the financial statements of the United Nations, which has a 31 December financial reporting date.

211. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members, whatever their national tax obligations. The Fund operationally reports as income staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations and the International Residual Mechanism for Criminal Tribunals.

212. The Fund includes as expenditure the credits against the regular budget, peacekeeping and the International Residual Mechanism with respect to the assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members for taxes paid on their United Nations income. Such reimbursements for taxes paid are partially reported as expenditure by the Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Given that the Organization acts as an agent in this arrangement, the net total of the related revenue and expenses is reported as a payable in these financial statements.

213. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2021 was $163.2 million (2020: $150.99 million), consisting of amounts payable to the United States of America at year-end of $140.4 million (2020: $109.3 million) and to other Member States of $22.8 million (2020: $41.7 million). The amount payable to the United States at year-end 2021 includes approximately $63.8 million (2020: $49.9 million) relating to peacekeeping operations. The overall amount payable by the Fund is $215.8 million (2020: $200.2 million), which includes an estimated tax liability of $52.6 million relating to the 2021 and prior tax years (2020: $49.3 million), of which approximately $29.1 million was disbursed in January 2022 and approximately $23.5 million was settled in April 2022.

Peacekeeping cost-recovery fund

214. Services provided to other United Nations agencies amounted to $15.8 million (2020/21: $14.2 million) and services provided to the troop-contributing countries and other Member States amounted to $15.1 million (2020/21: $15.4 million).

Year ended 30 June 2022

(Thousands of United States dollars)

	Other United Nations agencies	*Troop-contributing countries and other Member States*	*Non-governmental organizations and international agencies*	*Vendors*	*Other external entities*	*Between peacekeeping missions*	*Total*
Fuel	5 600	5 069	2 232	5 204	684	3 481	22 270
Logistics support – air transport	629	299	142	1 633	66	1 493	4 262
Logistics support – ground transport	316	5 572	91	174	643	5 743	12 539
Communications and information technology support	1 702	189	56	94	10 752	51 173	63 966
Building maintenance and utilities	5 515	326	814	2 178	2 644	1 949	13 426
Supplies – rations	44	3 746	1 909	–	66	77	5 842
Medical services	448	24	151	508	106	1 451	2 688
Staff services	3	–	–	136	221	8 059	8 419
Other services	1 577	(164)	2 519	2 369	489	295	7 085
Total other revenue from peacekeeping cost-recovery fund	**15 834**	**15 061**	**7 914**	**12 296**	**15 671**	**73 721**	**140 497**

Year ended 30 June 2021

(Thousands of United States dollars)

	Other United Nations agencies	*Troop-contributing countries and other Member States*	*Non-governmental organizations and international agencies*	*Vendors*	*Other external entities*	*Between peacekeeping missions*	*Total*
Fuel	4 187	5 649	2 081	2 290	690	2 635	17 532
Logistics support – air transport	915	275	322	1 365	218	2 686	5 781
Logistics support – ground transport	147	8 391	193	98	99	114	9 042
Communications and information technology support	1 747	225	59	60	7 093	57 484	66 668
Building maintenance and utilities	5 215	(2 475)	1 134	2 734	1 219	2 713	10 540
Supplies – rations	105	2 935	64	–	62	219	3 385
Medical services	270	257	126	569	5	–	1 227
Staff services	14	–	–	78	304	8 031	8 427
Other services	1 571	109	1 445	849	81	826	4 881
Total other revenue from peacekeeping cost-recovery fund	**14 171**	**15 366**	**5 424**	**8 043**	**9 771**	**74 708**	**127 483**

Note 28
Commitments

Operating lease commitments

215. Peacekeeping operations enter into operating leases for the use of land, permanent and temporary buildings and equipment. The total lease payments recognized in expenditure for the year were $32.9 million (2020/21: $33.6 million restated). The contingent rent payments are determined by the lease contracts. There were no purchase options, escalation clauses or restrictions imposed by the lease arrangements. Future minimum lease payments under non-cancellable arrangements are shown below.

(Thousands of United States dollars)

	30 June 2022	30 June 2021
Less than 1 year	9 780	10 570
1 to 5 years	23 837	24 898
More than 5 years	2 114	3 506
Total minimum lease commitments	**35 731**	**38 974**

Contractual commitments

216. As at the reporting date, commitments for goods and services contracted but not delivered amounted to $210.7 million (2020/21: $416.9 million).

(Thousands of United States dollars)

	30 June 2022	30 June 2021
Property, plant and equipment	54 445	112 758
Intangibles	209	673
Goods and services	156 045	303 516
Total open contractual commitments	**210 699**	**416 947**

Note 29
Contingent liabilities and contingent assets

Contingent liabilities

217. In the normal course of peacekeeping operations, the missions are involved from time to time in various arbitrations, commercial claims and litigations, and other legal or governmental actions. Given the nature of legal matters and the complexities involved, it is often difficult to predict and determine a meaningful estimate of loss or range of loss or the timing of any future outflows. Thus, accruals for legal matters are not recorded until a loss for a particular matter is considered probable and can be reasonably estimated. As at 30 June 2022, the total amount of contingent liabilities related to commercial claims and other claims of a private-law nature was $11.2 million (2020/21: $20.0 million).

218. Administrative law claims arise, for the most part, from appointment-related matters, benefits and entitlements, and separation from service. Accruals for those claims are not recorded until the outcome is probable and potential compensation can be reasonably estimated. The contingent liabilities for such claims, as at 30 June 2022, were $2.5 million (2020/21: $5.0 million), including an amount of $0.5 million (2020/21: $0.8 million) carried over from the previous year and an additional amount of $2.0 million (2020/21: $4.2 million) for the cases filed during the course of the current year. These claims may be settled during 2022/23, but the uncertain outcome of these claims makes the amount and timing of the outflows unpredictable.

Contingent assets

219. In accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets, the Organization discloses contingent assets when an event gives rise to a probable inflow of economic benefits or service potential to the Organization and there is sufficient information to assess the probability of that inflow. As at 30 June

2022, there were $0.520 million (2020/21: $0.174 million) in contingent assets arising from the Organization's legal claims against third parties that were likely to result in a significant economic inflow.

Note 30
Events after the reporting date

220. During July 2022, MONUSCO was significantly affected by riots and attacks on the Mission locations. It is expected that the full impact of any losses will be ascertained in the subsequent financial year.

Annex I

Financial reporting by mission

Statement of financial position as at 30 June 2022: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNAMID*	*UNSOS*
Assets								
Cash and cash equivalents	1 890	3 240	16 846	1 292	784	27 840	3 340	6 916
Investments	8 414	14 246	75 380	5 667	3 509	126 239	15 157	31 191
Assessed contributions receivable	16 145	19 309	118 670	49 877	35 793	260 924	120 243	185 961
Other receivables	3	43	42 901	585	–	40 230	1 309	254
Inventories	2 005	2 242	13 018	4 131	1 063	32 692	–	42 623
Property, plant and equipment	5 034	33 150	74 320	12 036	1 812	87 367	–	177 174
Other assets	86	96	697	241	320	10 524	2 085	2 087
Total assets	**33 577**	**72 326**	**341 832**	**73 829**	**43 281**	**585 816**	**142 134**	**446 206**
Liabilities								
Accounts payable	7 043	12 104	151 329	6 656	1 128	294 975	64 750	109 793
Total employee benefits	236	461	3 668	702	910	6 195	573	3 544
Other liabilities and provisions	3 659	3 958	32 859	19 677	37 827	108 674	74 084	73 992
Total liabilities	**10 938**	**16 523**	**187 856**	**27 035**	**39 865**	**409 844**	**139 407**	**187 329**
Net of total assets and total liabilities	**22 639**	**55 803**	**153 976**	**46 794**	**3 416**	**175 972**	**2 727**	**258 877**
Net assets								
Accumulated surplus/(deficit) – unrestricted	22 639	19 816	134 411	46 794	3 416	175 972	2 727	258 877
Accumulated surplus/(deficit) – restricted	–	35 987	19 565	–	–	–	–	–
Reserves	–	–	–	–	–	–	–	–
Total net assets	**22 639**	**55 803**	**153 976**	**46 794**	**3 416**	**175 972**	**2 727**	**258 877**

Statement of financial performance for the year ended 30 June 2022: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNAMID*	*UNSOS*
Assessed contributions	32 896	65 507	510 252	60 909	44 192	1 123 346	84 953	560 068
Voluntary contributions/other transfers and allocations	25 618	1 026	7 552	4 101	83	15 465	42	110 776
Other revenue	99	66	127	27	57	4 543	5 962	1 380
Total revenues	**58 613**	**66 599**	**517 931**	**65 037**	**44 332**	**1 143 354**	**90 957**	**672 224**
Employee salaries, allowances and benefits	16 149	15 814	107 779	22 231	31 314	233 635	22 562	89 247
Contingent contracted services	18 222	32 334	303 091	759	–	400 809	(678)	83 647
Other expenses	21 811	20 605	107 290	40 860	12 540	472 575	134 274	497 345
Investment loss	24	45	458	17	16	583	20	(173)
Credits to Member States	1 888	576	6 344	1 602	745	43 194	53 768	14 110
Total expenses	**58 094**	**69 374**	**524 962**	**65 469**	**44 615**	**1 150 796**	**209 946**	**684 176**
Surplus/(deficit) for the year	**519**	**(2 775)**	**(7 031)**	**(432)**	**(283)**	**(7 442)**	**(118 989)**	**(11 952)**

Statement of financial position as at 30 June 2022: active missions (concluded)

(Thousands of United States dollars)

	UNISFA	*UNMISS*	*MINUSMA*	*MINUSCA*	*Total*
Assets					
Cash and cash equivalents	3 920	17 151	36 563	28 262	148 044
Investments	17 546	69 253	165 525	127 821	659 948
Assessed contributions receivable	69 081	313 679	240 587	220 729	1 650 998
Other receivables	290	36	117 877	679	204 207
Inventories	24 207	65 346	84 896	39 997	312 220
Property, plant and equipment	82 033	242 184	219 640	170 405	1 105 155
Other assets	2 107	1 797	3 120	12 589	35 749
Total assets	**199 184**	**709 446**	**868 208**	**600 482**	**4 116 321**

	UNISFA	*UNMISS*	*MINUSMA*	*MINUSCA*	*Total*
Liabilities					
Accounts payable	57 841	214 737	348 622	228 126	1 497 104
Total employee benefits	1 082	8 276	5 249	10 808	41 704
Other liabilities and provisions	59 875	173 950	111 272	73 027	772 854
Total liabilities	**118 798**	**396 963**	**465 143**	**311 961**	**2 311 662**
Net of total assets and total liabilities	**80 386**	**312 483**	**403 065**	**288 521**	**1 804 659**
Net assets					
Accumulated surplus/(deficit) – unrestricted	80 386	312 483	403 065	288 521	1 749 107
Accumulated surplus/(deficit) – restricted	–	–	–	–	55 552
Reserves	–	–	–	–	–
Total net assets	**80 386**	**312 483**	**403 065**	**288 521**	**1 804 659**

Statement of financial performance for the year ended 30 June 2022: active missions (concluded)

(Thousands of United States dollars)

	UNISFA	*UNMISS*	*MINUSMA*	*MINUSCA*	*Total*
Assessed contributions	280 581	1 201 888	1 262 194	1 116 738	6 343 524
Voluntary contributions/other transfers and allocations	492	58 696	42 271	67 032	333 154
Other revenue	993	3 618	5 529	1 362	23 763
Total revenues	**282 066**	**1 264 202**	**1 309 994**	**1 185 132**	**6 700 441**
Employee salaries, allowances and benefits	45 067	288 693	211 322	195 893	1 279 706
Contingent contracted services	134 794	433 017	429 308	437 295	2 272 598
Other expenses	155 169	559 857	634 995	532 066	3 189 387
Investment loss	(140)	(744)	914	393	1 413
Credits to Member States	5 235	31 059	43 416	9 742	211 679
Total expenses	**340 125**	**1 311 882**	**1 319 955**	**1 175 389**	**6 954 783**
Surplus/(deficit) for the year	**(58 059)**	**(47 680)**	**(9 961)**	**9 743**	**(254 342)**

Statement of financial position as at 30 June 2022: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB-strategic deployment stocks*	*RSCE*	*Employee benefits funds*	*Peacekeeping cost-recovery fund*	*Total*
Assets								
Cash and cash equivalents	24 713	5 469	1 435	20 511	281	5 763	18 048	76 220
Investments	112 157	24 861	6 468	93 087	1 185	26 154	84 491	348 403
Assessed contributions receivable	–	–	–	–	–	–	–	–
Other receivables	12 820	9	585	–	25	–	33 458	46 897
Inventories	–	369	7 703	7 280	382	–	1 703	17 437
Property, plant and equipment	–	489	26 017	22 386	10 240	–	2 067	61 199
Other assets	–	5 950	64	–	388	–	861	7 263
Total assets	**149 690**	**37 147**	**42 272**	**143 264**	**12 501**	**31 917**	**140 628**	**557 419**
Liabilities								
Accounts payable	–	21 102	3 936	2 507	657	12	12 456	40 670
Total employee benefits	–	9 637	673	–	1 616	1 575 610	295	1 587 831
Other liabilities and provisions	–	1	24	–	–	–	12 951	12 976
Total liabilities	–	**30 740**	**4 633**	**2 507**	**2 273**	**1 575 622**	**25 702**	**1 641 477**
Net of total assets and total liabilities	**149 690**	**6 407**	**37 639**	**140 757**	**10 228**	**(1 543 705)**	**114 926**	**(1 084 058)**
Net assets								
Accumulated surplus/(deficit) – unrestricted	(310)	6 407	37 639	140 757	10 228	(1 543 705)	114 926	(1 234 058)
Accumulated surplus/(deficit) – restricted	–	–	–	–	–	–	–	–
Reserves	150 000	–	–	–	–	–	–	150 000
Total net assets	**149 690**	**6 407**	**37 639**	**140 757**	**10 228**	**(1 543 705)**	**114 926**	**(1 084 058)**

Statement of financial performance for the year ended 30 June 2022: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB-strategic deployment stocks*	*RSCE*	*Employee benefits funds*	*Peacekeeping cost-recovery fund*	*Total*
Assessed contributions	–	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	353 619	69 687	–	40 114	–	–	463 420
Other revenue	–	(14)	3 894	10 515	320	3 074	140 497	158 286
Total revenues	–	**353 605**	**73 581**	**10 515**	**40 434**	**3 074**	**140 497**	**621 706**
Employee salaries, allowances and benefits	–	262 417	43 523	–	33 514	110 955	9 345	459 754
Contingent contracted services	–	6 740	–	–	–	–	3 571	10 311
Other expenses	3 815	81 141	29 347	(2 450)	7 106	2 450	92 087	213 496
Investment loss	693	115	31	663	(1)	167	569	2 237
Credits to Member States	–	–	–	–	–	–	2 413	2 413
Total expenses	**4 508**	**350 413**	**72 901**	**(1 787)**	**40 619**	**113 572**	**107 985**	**688 211**
Surplus/(deficit) for the year	**(4 508)**	**3 192**	**680**	**12 302**	**(185)**	**(110 498)**	**32 512**	**(66 505)**

Statement of financial position as at 30 June 2022: closed missions

(Thousands of United States dollars)

	MINUJUSTH	*UNMIL*	*UNOCI*	*UNSMIS*	*UNMIT*	*UNMIS*	*MINURCAT*
Assets							
Cash and cash equivalents	1 882	1 964	4 746	59	479	1 265	1 067
Investments	8 547	8 912	21 539	267	2 176	5 738	4 842
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	6	–	–	–	–	–	–
Total assets	**10 435**	**10 876**	**26 285**	**326**	**2 655**	**7 003**	**5 909**

	MINUJUSTH	*UNMIL*	*UNOCI*	*UNSMIS*	*UNMIT*	*UNMIS*	*MINURCAT*
Liabilities							
Accounts payable	1 932	1 128	21 398	162	810	70	3 342
Total employee benefits	179	(1)	–	–	–	–	–
Other liabilities and provisions	20 365	6 620	554	7	–	–	5
Total liabilities	**22 476**	**7 747**	**21 952**	**169**	**810**	**70**	**3 347**
Net of total assets and total liabilities	**(12 041)**	**3 129**	**4 333**	**157**	**1 845**	**6 933**	**2 562**
Net assets							
Accumulated surplus/(deficit) – unrestricted	(12 041)	3 129	4 333	157	1 845	6 933	2 562
Accumulated surplus/(deficit) – restricted	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**(12 041)**	**3 129**	**4 333**	**157**	**1 845**	**6 933**	**2 562**

Statement of financial performance for the year ended 30 June 2022: closed missions

(Thousands of United States dollars)

	MINUJUSTH	*UNMIL*	*UNOCI*	*UNSMIS*	*UNMIT*	*UNMIS*	*MINURCAT*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Other revenue	8	21	1	–	–	–	–
Total revenues	**8**	**21**	**1**	–	–	–	–
Employee salaries, allowances and benefits	(2 460)	(37)	(5)	–	–	–	–
Contingent contracted services	(1 310)	(58)	10	–	–	–	–
Other expenses	20 218	(2 254)	(4 937)	–	1	4	3
Investment loss	59	57	137	2	14	36	30
Credits to Member States	(75)	48	–	–	–	–	–
Total expenses	**16 432**	**(2 244)**	**(4 795)**	**2**	**15**	**40**	**33**
Surplus/(deficit) for the year	**(16 424)**	**2 265**	**4 796**	**(2)**	**(15)**	**(40)**	**(33)**

Statement of financial position as at 30 June 2022: closed missions (continued)

(Thousands of United States dollars)

	UNOMIG	*UNMEE*	*ONUB*	*UNAMSIL/ UNOMSIL*	*UNMISET/ UNTAET*	*UNIKOM*	*UNMIBH*
Assets							
Cash and cash equivalents	98	413	288	318	849	112	999
Investments	442	1 879	1 309	1 440	3 853	508	4 530
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	**540**	**2 292**	**1 597**	**1 758**	**4 702**	**620**	**5 529**
Liabilities							
Accounts payable	8	71	50	17	1 837	1	4 407
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	–	–	1	1	–	–	–
Total liabilities	**8**	**71**	**51**	**18**	**1 837**	**1**	**4 407**
Net of total assets and total liabilities	**532**	**2 221**	**1 546**	**1 740**	**2 865**	**619**	**1 122**
Net assets							
Accumulated surplus/(deficit) – unrestricted	532	2 221	1 546	1 740	2 865	619	1 122
Accumulated surplus/(deficit) – restricted	–	–	–	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**532**	**2 221**	**1 546**	**1 740**	**2 865**	**619**	**1 122**

Statement of financial performance for the year ended 30 June 2022: closed missions (continued)

(Thousands of United States dollars)

	UNOMIG	*UNMEE*	*ONUB*	*UNAMSIL/ UNOMSIL*	*UNMISET/ UNTAET*	*UNIKOM*	*UNMIBH*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Other revenues	–	–	–	–	–	–	–
Total revenues	–	–	–	–	–	–	–
Employee salaries, allowances and benefits	–	–	–	–	–	–	(5)
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	–	1	1	(2)	(24)	(2)	3
Investment loss	3	12	8	9	24	3	29
Credits to Member States	–	–	–	–	–	–	–
Total expenses	**3**	**13**	**9**	**7**	–	**1**	**27**
Surplus/(deficit) for the year	**(3)**	**(13)**	**(9)**	**(7)**	–	**(1)**	**(27)**

Statement of financial position as at 30 June 2022: closed missions (continued)

(Thousands of United States dollars)

	UNMOT	*UNSMIH/ UNTMIH/ MIPONUH*	*MINURCA*	*MONUA/ UNAVEM*	*UNPREDEP*	*UNTAES*	*UNOMIL*
Assets							
Cash and cash equivalents	22	41	1	2 970	844	1 020	40
Investments	102	186	6	13 481	3 833	4 630	178
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	**124**	**227**	**7**	**16 451**	**4 677**	**5 650**	**218**

	UNMOT	UNSMIH/ UNTMIH/ MIPONUH	MINURCA	MONUA/ UNAVEM	UNPREDEP	UNTAES	UNOMIL
Liabilities							
Accounts payable	2	114	7 480	5 221	2 590	4 718	26
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	–	7 367	16 337	–	–	–	–
Total liabilities	**2**	**7 481**	**23 817**	**5 221**	**2 590**	**4 718**	**26**
Net of total assets and total liabilities	**122**	**(7 254)**	**(23 810)**	**11 230**	**2 087**	**932**	**192**
Net assets							
Accumulated surplus/(deficit) – unrestricted	122	(18 440)	(30 046)	11 230	2 087	932	192
Accumulated surplus/(deficit) – restricted	–	11 186	6 236	–	–	–	–
Reserves	–	–	–	–	–	–	–
Total net assets	**122**	**(7 254)**	**(23 810)**	**11 230**	**2 087**	**932**	**192**

Statement of financial performance for the year ended 30 June 2022: closed missions (continued)

(Thousands of United States dollars)

	UNMOT	UNSMIH/ UNTMIH/ MIPONUH	MINURCA	MONUA/ UNAVEM	UNPREDEP	UNTAES	UNOMIL
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Other revenues	–	–	–	–	–	–	–
Total revenues	–	–	–	–	–	–	–
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	–	–	–	9	3	3	–
Investment loss	1	1	–	85	24	29	1
Credits to Member States	–	–	–	–	–	–	–
Total expenses	**1**	**1**	–	**94**	**27**	**32**	**1**
Surplus/(deficit) for the year	**(1)**	**(1)**	–	**(94)**	**(27)**	**(32)**	**(1)**

Statement of financial position as at 30 June 2022: closed missions (continued)

(Thousands of United States dollars)

	UNPF	*MINUGUA*	*UNMIH*	*UNAMIR/ UNOMUR*	*ONUSAL*	*ONUMOZ*	*UNSOM*
Assets							
Cash and cash equivalents	19 512	–	4 555	2 144	76	1 556	780
Investments	88 553	1	20 671	9 728	347	7 061	3 536
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	442	–	10 566	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–
Total assets	**108 507**	**1**	**35 792**	**11 872**	**423**	**8 617**	**4 316**
Liabilities							
Accounts payable	16 922	–	12 651	208	1	280	15 490
Total employee benefits	–	–	–	–	–	–	–
Other liabilities and provisions	130	124	–	–	–	30	70
Total liabilities	**17 052**	**124**	**12 651**	**208**	**1**	**310**	**15 560**
Net of total assets and total liabilities	**91 455**	**(123)**	**23 141**	**11 664**	**422**	**8 307**	**(11 244)**
Net assets							
Accumulated surplus/(deficit) – unrestricted	91 455	(141)	23 141	11 664	422	8 307	(48 807)
Accumulated surplus/(deficit) – restricted	–	18	–	–	–	–	37 563
Reserves	–	–	–	–	–	–	–
Total net assets	**91 455**	**(123)**	**23 141**	**11 664**	**422**	**8 307**	**(11 244)**

Statement of financial performance for the year ended 30 June 2022: closed missions (continued)

(Thousands of United States dollars)

	UNPF	*MINUGUA*	*UNMIH*	*UNAMIR/ UNOMUR*	*ONUSAL*	*ONUMOZ*	*UNSOM*
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Other revenues	–	–	–	–	–	–	–
Total revenues	–	–	–	–	–	–	–
Employee salaries, allowances and benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	(2 942)	–	13	6	(1)	5	(3 718)
Investment loss	564	–	131	61	2	45	26
Credits to Member States	–	–	–	–	–	–	–
Total expenses	**(2 378)**	–	**144**	**67**	**1**	**50**	**(3 692)**
Surplus/(deficit) for the year	**2 378**	–	**(144)**	**(67)**	**(1)**	**(50)**	**3 692**

Statement of financial position as at 30 June 2022: closed missions (concluded)

(Thousands of United States dollars)

	UNMLT	*UNTAC*	*UNTAG*	*UNIIMOG*	*UNEF*	*ONUC*	*Total*
Assets							
Cash and cash equivalents	–	130	91	46	16	177	48 560
Investments	1	591	410	210	71	805	220 383
Assessed contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	11 008
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	–	–	–	876	1 973	2 855
Total assets	**1**	**721**	**501**	**256**	**963**	**2 955**	**282 806**

	UNMLT	UNTAC	UNTAG	UNIIMOG	UNEF	ONUC	Total
Liabilities							
Accounts payable	–	39 872	82	66	17 093	6 603	164 652
Total employee benefits	–	–	–	–	–	–	178
Other liabilities and provisions	–	104	38	–	21 542	39 743	113 038
Total liabilities	–	**39 976**	**120**	**66**	**38 635**	**46 346**	**277 868**
Net of total assets and total liabilities	**1**	**(39 255)**	**381**	**190**	**(37 672)**	**(43 391)**	**4 938**
Net assets							
Accumulated surplus/(deficit) – unrestricted	1	(40 073)	381	190	(37 672)	(43 391)	(50 883)
Accumulated surplus/(deficit) – restricted	–	818	–	–	–	–	55 821
Reserves	–	–	–	–	–	–	–
Total net assets	**1**	**(39 255)**	**381**	**190**	**(37 672)**	**(43 391)**	**4 938**

Statement of financial performance for the year ended 30 June 2022: closed missions (concluded)

(Thousands of United States dollars)

	UNMLT	UNTAC	UNTAG	UNIIMOG	UNEF	ONUC	Total
Assessed contributions	–	–	–	–	–	–	–
Voluntary contributions/other transfers and allocations	–	–	–	–	–	–	–
Other revenue	–	35	–	–	1 892	151	2 108
Total revenue	–	**35**	–	–	**1 892**	**151**	**2 108**
Employee salaries, allowances and benefits	–	–	–	–	–	–	(2 507)
Contingent contracted services	–	–	–	–	–	–	(1 358)
Other expenses	–	(196)	(3)	–	–	–	6 191
Investment loss	–	4	3	1	–	5	1 406
Credits to Member States	–	–	–	–	–	–	(27)
Total expenses	–	**(192)**	–	**1**	–	**5**	**3 705**
Surplus/(deficit) for the year	–	**227**	–	**(1)**	**1 892**	**146**	**(1 597)**

Annex II

Budgetary reporting by mission

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Peacekeeping Force in Cyprus

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	22 433	215	22 648	19 004	3 641	22 645	3
Civilian personnel	16 654	–	16 654	16 045	27	16 072	582
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	33	–	33	11	–	11	22
Official travel	209	–	209	189	1	190	19
Facilities and infrastructure	6 938	(289)	6 649	4 913	1 156	6 069	580
Ground transportation	2 315	316	2 631	1 777	845	2 622	9
Air operations	2 346	11	2 357	1 843	201	2 044	313
Marine operations	26	9	35	35	–	35	–
Communications and information technology	1 587	55	1 642	1 318	324	1 642	–
Medical	289	101	390	351	30	381	9
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	968	(418)	550	404	24	428	122
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**14 711**	**(215)**	**14 496**	**10 841**	**2 581**	**13 422**	**1 074**
Subtotal	**53 798**	–	**53 798**	**45 890**	**6 249**	**52 139**	**1 659**
Prorated costs							
UNLB	587	–	587	587	–	587	–
Support account for peacekeeping operations	3 182	–	3 182	3 182	–	3 182	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**3 769**	–	**3 769**	**3 769**	–	**3 769**	–
Voluntary contributions in kind (budgeted)	443	–	443	206	–	206	237
Total	**58 010**	–	**58 010**	**49 865**	**6 249**	**56 114**	**1 896**

[a] In accordance with General Assembly resolution 75/299.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Disengagement Observer Force

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	36 585	(420)	36 165	29 302	6 863	36 165	–
Civilian personnel	15 223	387	15 610	15 597	13	15 610	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	16	(16)	–	–	–	–	–
Official travel	208	(76)	132	123	7	130	2
Facilities and infrastructure	4 104	465	4 569	4 373	196	4 569	–
Ground transportation	1 311	185	1 496	1 455	41	1 496	–
Air operations	–	–	–	–	–	–	–
Marine operations	50	(43)	7	7	–	7	–
Communications and information technology	1 943	(322)	1 621	1 231	389	1 620	1
Medical	306	(58)	248	235	1	236	12
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	1 272	(92)	1 180	1 118	56	1 174	6
Quick-impact projects	200	(10)	190	190	–	190	–
Total operational requirements	**9 410**	**33**	**9 443**	**8 732**	**690**	**9 422**	**21**
Subtotal	**61 218**	–	**61 218**	**53 631**	**7 566**	**61 197**	**21**
Prorated costs							
UNLB	668	–	668	668	–	668	–
Support account for peacekeeping operations	3 621	–	3 621	3 621	–	3 621	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**4 289**	–	**4 289**	**4 289**	–	**4 289**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**65 507**	–	**65 507**	**57 920**	**7 566**	**65 486**	**21**

[a] In accordance with General Assembly resolution 75/303.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Interim Force in Lebanon

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	331 054	(11 965)	319 089	232 593	86 486	319 079	10
Civilian personnel	99 180	7 669	106 849	106 720	127	106 847	2
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	109	(37)	72	72	–	72	–
Official travel	536	(128)	408	402	6	408	–
Facilities and infrastructure	15 351	6 677	22 028	19 035	2 992	22 027	1
Ground transportation	5 166	2 737	7 903	6 433	1 470	7 903	–
Air operations	6 834	(443)	6 391	6 391	–	6 391	–
Marine operations	134	229	363	195	165	360	3
Communications and information technology	12 490	(3 878)	8 612	6 117	2 495	8 612	–
Medical	1 859	(13)	1 846	1 749	97	1 846	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	3 629	(848)	2 781	2 077	704	2 781	–
Quick-impact projects	500	–	500	415	85	500	–
Total operational requirements	**46 608**	**4 296**	**50 904**	**42 886**	**8 014**	**50 900**	**4**
Subtotal	**476 842**	**–**	**476 842**	**382 199**	**94 627**	**476 826**	**16**
Prorated costs							
UNLB	5 206	–	5 206	5 206	–	5 206	–
Support account for peacekeeping operations	28 204	–	28 204	28 204	–	28 204	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**33 410**	**–**	**33 410**	**33 410**	**–**	**33 410**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**510 252**	**–**	**510 252**	**415 609**	**94 627**	**510 236**	**16**

[a] In accordance with General Assembly resolution 75/250 B.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Mission for the Referendum in Western Sahara

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	7 704	–	7 704	7 463	210	7 673	31
Civilian personnel	22 178	682	22 860	22 782	78	22 860	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	14	–	14	–	–	–	14
Official travel	522	43	565	424	141	565	–
Facilities and infrastructure	4 391	225	4 616	2 823	1 789	4 612	4
Ground transportation	2 633	(801)	1 832	636	1 196	1 832	–
Air operations	10 434	187	10 621	10 232	387	10 619	2
Marine operations	55	69	124	67	57	124	–
Communications and information technology	2 841	–	2 841	1 643	1 030	2 673	168
Medical	172	16	188	152	36	188	–
Special equipment	100	–	100	–	–	–	100
Other supplies, services and equipment	5 494	(421)	5 073	3 079	1 626	4 705	368
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**26 656**	**(682)**	**25 974**	**19 056**	**6 262**	**25 318**	**656**
Subtotal	**56 538**	–	**56 538**	**49 301**	**6 550**	**55 851**	**687**
Prorated costs							
UNLB	617	–	617	617	–	617	–
Support account for peacekeeping operations	3 344	–	3 344	3 344	–	3 344	–
RSCE	410	–	410	410	–	410	–
Subtotal prorated costs	**4 371**	–	**4 371**	**4 371**	–	**4 371**	–
Voluntary contributions in kind (budgeted)	519	–	519	282	–	282	237
Total	**61 428**	–	**61 428**	**53 954**	**6 550**	**60 504**	924

[a] In accordance with General Assembly resolution 75/305.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Interim Administration Mission in Kosovo

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	769	–	769	613	3	616	153
Civilian personnel	32 534	–	32 534	32 024	129	32 153	381
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	38	4	42	42	–	42	–
Official travel	320	(106)	214	174	6	180	34
Facilities and infrastructure	2 732	(54)	2 678	2 435	231	2 666	12
Ground transportation	182	62	244	138	106	244	–
Air operations	–	1	1	1	–	1	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	1 870	124	1 994	1 632	362	1 994	–
Medical	69	(20)	49	27	13	40	9
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	2 785	(11)	2 774	2 614	63	2 677	97
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**7 996**	–	**7 996**	**7 063**	**781**	**7 844**	**152**
Subtotal	**41 299**	–	**41 299**	**39 700**	**913**	**40 613**	**686**
Prorated costs							
UNLB	451	–	451	451	–	451	–
Support account for peacekeeping operations	2 443	–	2 443	2 443	–	2 443	–
RSCE	–	–	–	–	–	–	–
Subtotal prorated costs	**2 894**	–	**2 894**	**2 894**	–	**2 894**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**44 193**	–	**44 193**	**42 594**	**913**	**43 507**	**686**

[a] In accordance with General Assembly resolution 75/301.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Organization Stabilization Mission in the Democratic Republic of the Congo

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	522 262	(7 469)	514 793	397 244	99 693	496 937	17 856
Civilian personnel	265 262	–	265 262	256 017	4 221	260 238	5 024
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	626	(374)	252	201	49	250	2
Official travel	4 091	295	4 386	4 182	204	4 386	–
Facilities and infrastructure	43 185	14 476	57 661	42 506	15 155	57 661	–
Ground transportation	9 392	8 015	17 407	10 727	6 680	17 407	–
Air operations	108 221	(11 762)	96 459	84 254	11 492	95 746	713
Marine operations	701	563	1 264	311	953	1 264	–
Communications and information technology	40 593	–	40 593	32 924	7 609	40 533	60
Medical	2 309	(61)	2 248	1 590	618	2 208	40
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	44 587	(3 575)	41 012	29 335	11 511	40 846	166
Quick-impact projects	1 500	(108)	1 392	1 293	87	1 380	12
Total operational requirements	**255 205**	**7 469**	**262 674**	**207 323**	**54 358**	**261 681**	**993**
Subtotal	**1 042 729**	–	**1 042 729**	**860 584**	**158 272**	**1 018 856**	**23 873**
Prorated costs							
UNLB	11 384	–	11 384	11 384	–	11 384	–
Support account for peacekeeping operations	61 674	–	61 674	61 674	–	61 674	–
RSCE	7 559	–	7 559	7 559	–	7 559	–
Subtotal prorated costs	**80 617**	–	**80 617**	**80 617**	–	**80 617**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 123 346**	–	**1 123 346**	**941 201**	**158 272**	**1 099 473**	**23 873**

[a] In accordance with General Assembly resolution 75/300.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

African Union-United Nations Hybrid Operation in Darfur

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	13 317	2 170	15 487	8 123	7 364	15 487	–
Civilian personnel	44 749	(5 819)	38 930	24 823	842	25 665	13 265
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	–	147	147	130	17	147	–
Official travel	723	21	744	608	134	742	2
Facilities and infrastructure	4 857	(434)	4 423	3 517	906	4 423	–
Ground transportation	433	4 795	5 228	5 228	–	5 228	–
Air operations	3 791	(1 824)	1 967	1 554	39	1 593	374
Marine operations	–	3	3	3	–	3	–
Communications and information technology	3 293	(1 747)	1 546	1 213	–	1 213	333
Medical	479	(251)	228	217	11	228	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	7 214	2 939	10 153	4 572	5 581	10 153	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**20 790**	**3 649**	**24 439**	**17 042**	**6 688**	**23 730**	**709**
Subtotal	**78 856**	–	**78 856**	**49 988**	**14 894**	**64 882**	**13 974**
Prorated costs							
UNLB	861	–	861	861	–	861	–
Support account for peacekeeping operations	4 664	–	4 664	4 664	–	4 664	–
RSCE	572	–	572	572	–	572	–
Subtotal prorated costs	**6 097**	–	**6 097**	**6 097**	–	**6 097**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**84 953**	–	**84 953**	**56 085**	**14 894**	**70 979**	**13 974**

[a] In accordance with General Assembly resolution 75/251 C.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Support Office in Somalia

(Thousands of United States dollars)

	Appropriation			Expenditure			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	146 717	(5 997)	140 720	117 084	20 178	137 262	3 458
Civilian personnel	90 658	572	91 230	91 013	217	91 230	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	678	(582)	96	75	21	96	–
Official travel	1 461	(64)	1 397	1 091	306	1 397	–
Facilities and infrastructure	80 486	12 827	93 313	73 328	19 980	93 308	5
Ground transportation	11 917	3 028	14 945	9 025	5 920	14 945	–
Air operations	75 735	(8 118)	67 617	66 670	947	67 617	–
Marine operations	943	227	1 170	299	871	1 170	–
Communications and information technology	37 914	565	38 479	32 162	6 317	38 479	–
Medical	11 475	43	11 518	9 429	2 089	11 518	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	61 891	(2 501)	59 390	42 985	16 405	59 390	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**282 500**	**5 425**	**287 925**	**235 064**	**52 856**	**287 920**	**5**
Subtotal	**519 875**	–	**519 875**	**443 161**	**73 251**	**516 412**	**3 463**
Prorated costs							
UNLB	5 676	–	5 676	5 676	–	5 676	–
Support account for peacekeeping operations	30 749	–	30 749	30 749	–	30 749	–
RSCE	3 769	–	3 769	3 769	–	3 769	–
Subtotal prorated costs	**40 194**	–	**40 194**	**40 194**	–	**40 194**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**560 069**	–	**560 069**	**483 355**	**73 251**	**556 606**	**3 463**

[a] In accordance with General Assembly resolution 75/306.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Interim Security Force for Abyei

(Thousands of United States dollars)

	Appropriation				*Expenditure*			
	Original distribution[a]	*Commitment authority*	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	125 665	61 166	(10 296)	176 535	122 967	52 869	175 836	699
Civilian personnel	51 381	–	(3 160)	48 221	47 779	124	47 903	318
Operational requirements								
Civilian electoral observers	–	–	–	–	–	–	–	–
Consultants and consulting services	608	–	758	1 366	1 365	1	1 366	–
Official travel	680	500	(35)	1 145	945	160	1 105	40
Facilities and infrastructure	33 444	1 000	564	35 008	28 001	7 007	35 008	–
Ground transportation	2 156	–	1 279	3 435	2 282	1 153	3 435	–
Air operations	19 140	4 838	1 390	25 368	25 320	47	25 367	1
Marine operations	597	–	452	1 049	385	664	1 049	–
Communications and information technology	9 099	–	430	9 529	8 204	1 325	9 529	–
Medical	452	–	289	741	696	45	741	–
Special equipment	–	–	–	–	–	–	–	–
Other supplies, services and equipment	16 723	–	8 329	25 052	16 089	8 882	24 971	81
Quick-impact projects	500	–	–	500	373	127	500	–
Total operational requirements	**83 399**	**6 338**	**13 456**	**103 193**	**83 660**	**19 411**	**103 071**	**122**
Subtotal	**260 445**	**67 504**	–	**327 949**	**254 406**	**72 404**	**326 810**	**1 139**
Prorated costs								
UNLB	2 843	–	–	2 843	2 843	–	2 843	–
Support account for peacekeeping operations	15 405	–	–	15 405	15 405	–	15 405	–
RSCE	1 888	–	–	1 888	1 888	–	1 888	–
Subtotal prorated costs	**20 136**	–	–	**20 136**	**20 136**	–	**20 136**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–	–
Total	**280 581**	**67 504**	–	**348 085**	**274 542**	**72 404**	**346 946**	**1 139**

[a] In accordance with General Assembly resolution 75/297 and letter dated 23 March 2022 from the Advisory Committee on Administrative and Budgetary Questions addressed to the Secretary-General.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Mission in South Sudan

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	527 925	(5 118)	522 807	423 933	98 310	522 243	564
Civilian personnel	310 437	4 224	314 661	314 459	199	314 658	3
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	722	(276)	446	249	197	446	–
Official travel	2 621	(303)	2 318	2 023	295	2 318	–
Facilities and infrastructure	81 511	(3 593)	77 918	68 059	9 859	77 918	–
Ground transportation	12 535	(1 111)	11 424	7 086	4 338	11 424	–
Air operations	94 906	654	95 560	94 194	1 366	95 560	–
Marine operations	1 186	156	1 342	1 097	245	1 342	–
Communications and information technology	29 878	(282)	29 596	26 341	3 255	29 596	–
Medical	1 746	(353)	1 393	1 042	351	1 393	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	49 667	6 002	55 669	31 494	24 175	55 669	–
Quick-impact projects	2 500	–	2 500	2 015	464	2 479	21
Total operational requirements	**277 272**	**894**	**278 166**	**233 600**	**44 545**	**278 145**	**21**
Subtotal	**1 115 634**	–	**1 115 634**	**971 992**	**143 054**	**1 115 046**	**588**
Prorated costs							
UNLB	12 180	–	12 180	12 180	–	12 180	–
Support account for peacekeeping operations	65 986	–	65 986	65 986	–	65 986	–
RSCE	8 088	–	8 088	8 088	–	8 088	–
Subtotal prorated costs	**86 254**	–	**86 254**	**86 254**	–	**86 254**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 201 888**	–	**1 201 888**	**1 058 246**	**143 054**	**1 201 300**	**588**

[a] In accordance with General Assembly resolution 75/304.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Multidimensional Integrated Stabilization Mission in Mali

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	485 350	17 816	503 166	392 733	110 344	503 077	89
Civilian personnel	223 649	88	223 737	223 188	503	223 691	46
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	489	47	536	486	50	536	–
Official travel	3 704	(30)	3 674	3 209	354	3 563	111
Facilities and infrastructure	103 654	18 132	121 786	69 208	52 481	121 689	97
Ground transportation	14 565	1 786	16 351	11 470	4 738	16 208	143
Air operations	169 554	(28 776)	140 778	130 361	9 984	140 345	433
Marine operations	1 316	77	1 393	302	1 078	1 380	13
Communications and information technology	64 740	1 337	66 077	49 245	16 738	65 983	94
Medical	8 700	(916)	7 784	6 709	1 074	7 783	1
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	91 092	(9 561)	81 531	43 969	37 009	80 978	553
Quick-impact projects	4 800	–	4 800	4 139	660	4 799	1
Total operational requirements	**462 614**	**(17 904)**	**444 710**	**319 098**	**124 166**	**443 264**	**1 446**
Subtotal	**1 171 613**	–	**1 171 613**	**935 019**	**235 013**	**1 170 032**	**1 581**
Prorated costs							
UNLB	12 791	–	12 791	12 791	–	12 791	–
Support account for peacekeeping operations	69 297	–	69 297	69 297	–	69 297	–
RSCE	8 494	–	8 494	8 494	–	8 494	–
Subtotal prorated costs	**90 582**	–	**90 582**	**90 582**	–	**90 582**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 262 195**	–	**1 262 195**	**1 025 601**	**235 013**	**1 260 614**	**1 581**

[a] In accordance with General Assembly resolution 75/302.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	576 939	(40 668)	536 271	418 550	117 540	536 090	181
Civilian personnel	221 795	(4 499)	217 296	215 069	2 224	217 293	3
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	1 013	(501)	512	427	85	512	–
Official travel	3 104	293	3 397	3 017	380	3 397	–
Facilities and infrastructure	69 633	18 599	88 232	56 171	32 024	88 195	37
Ground transportation	16 106	15 140	31 246	18 135	13 111	31 246	–
Air operations	62 592	(5 147)	57 445	46 874	10 494	57 368	77
Marine operations	500	533	1 033	273	760	1 033	–
Communications and information technology	40 540	671	41 211	32 195	9 015	41 210	1
Medical	3 802	(1 756)	2 046	1 598	446	2 044	2
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	37 572	17 359	54 931	34 328	20 587	54 915	16
Quick-impact projects	3 000	(24)	2 976	2 597	379	2 976	–
Total operational requirements	**237 862**	**45 167**	**283 029**	**195 615**	**87 281**	**282 896**	**133**
Subtotal	**1 036 596**	–	**1 036 596**	**829 234**	**207 045**	**1 036 279**	**317**
Prorated costs							
UNLB	11 317	–	11 317	11 317	–	11 317	–
Support account for peacekeeping operations	61 312	–	61 312	61 312	–	61 312	–
RSCE	7 515	–	7 515	7 515	–	7 515	–
Subtotal prorated costs	**80 144**	–	**80 144**	**80 144**	–	**80 144**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 116 740**	**–**	**1 116 740**	**909 378**	**207 045**	**1 116 423**	**317**

[a] In accordance with General Assembly resolution 75/298.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

Support account for peacekeeping operations

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	3 882	2 858	6 740	48	6 692	6 740	–
Civilian personnel	256 606	(2 485)	254 121	250 147	967	251 114	3 007
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	1 881	(63)	1 818	613	1 205	1 818	–
Official travel	6 707	(926)	5 781	5 242	539	5 781	–
Facilities and infrastructure	23 338	(361)	22 977	22 722	255	22 977	–
Ground transportation	74	14	88	59	29	88	–
Air operations	–	–	–	–	–	–	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	34 325	(215)	34 110	27 399	6 709	34 108	2
Medical	87	35	122	104	18	122	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	29 513	1 143	30 656	30 366	290	30 656	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**95 925**	**(373)**	**95 552**	**86 505**	**9 045**	**95 550**	**2**
Total	**356 413**	–	**356 413**	**336 700**	**16 704**	**353 404**	**3 009**

[a] In accordance with General Assembly resolution 75/293.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

United Nations Logistics Base at Brindisi, Italy

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	45 327	(1 784)	43 543	43 419	53	43 472	71
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	161	123	284	70	214	284	–
Official travel	452	(36)	416	319	97	416	–
Facilities and infrastructure	5 607	673	6 280	4 332	1 948	6 280	–
Ground transportation	382	129	511	346	165	511	–
Air operations	6	2	8	7	–	7	1
Marine operations	–	–	–	–	–	–	–
Communications and information technology	12 706	748	13 454	10 683	2 771	13 454	–
Medical	87	(22)	65	43	21	64	1
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	967	167	1 134	625	509	1 134	–
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**20 368**	**1 784**	**22 152**	**16 425**	**5 725**	**22 150**	**2**
Subtotal	**65 695**	–	**65 695**	**59 844**	**5 778**	**65 622**	**73**
Strategic deployment stock activities – replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions and other entities	111 031	–	111 031	14 329	9 867	24 196	86 835
Total	**176 726**	–	**176 726**	**74 173**	**15 645**	**89 818**	**86 908**

[a] In accordance with General Assembly resolution 75/295.

Mission comparison of budget and actual amounts on a budget basis from 1 July 2021 to 30 June 2022

Regional Service Centre in Entebbe, Uganda

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution[a]	*Redeployment*	*Revised distribution*	*Actual*	*Commitments*	*Total expenditure*	*Balance*
Military and police personnel	–	–	–	–	–	–	–
Civilian personnel	33 049	530	33 579	33 389	190	33 579	–
Operational requirements							
Civilian electoral observers	–	–	–	–	–	–	–
Consultants and consulting services	2	5	7	3	4	7	–
Official travel	238	(12)	226	76	4	80	146
Facilities and infrastructure	2 170	(170)	2 000	1 560	98	1 658	342
Ground transportation	102	–	102	68	21	89	13
Air operations	–	–	–	–	–	–	–
Marine operations	–	–	–	–	–	–	–
Communications and information technology	4 147	(162)	3 985	3 261	722	3 983	2
Medical	109	(99)	10	4	6	10	–
Special equipment	–	–	–	–	–	–	–
Other supplies, services and equipment	455	(92)	363	256	89	345	18
Quick-impact projects	–	–	–	–	–	–	–
Total operational requirements	**7 223**	**(530)**	**6 693**	**5 228**	**944**	**6 172**	**521**
Total	**40 272**	–	**40 272**	**38 617**	**1 134**	**39 751**	**521**

[a] In accordance with General Assembly resolution 75/294.