



General Assembly

Distr.: General
2 December 2025

Original: English

Eightieth session

Agenda item 133

Financial reports and audited financial statements, and reports of the Board of Auditors

Financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2024

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered 20 reports in connection with the financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2024, as follows:

(a) Concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors for the annual financial period 2024;

(b) Seventeen financial reports and audited financial statements and reports of the Board of Auditors for the financial period ended 31 December 2024 pertaining to the audited entities;¹

(c) Two reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports for the year ended 31 December 2024 on the United Nations and on the United Nations funds and programmes.

A list of the reports considered by the Advisory Committee is annexed to the present report.

¹ The operations of the United Nations as reported in volume I, the International Residual Mechanism for Criminal Tribunals, the International Trade Centre, the Office of the United Nations High Commissioner for Refugees, the United Nations Capital Development Fund, the United Nations Children's Fund, the United Nations Development Programme, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), the United Nations Environment Programme, the United Nations Human Settlements Programme (UN-Habitat), the United Nations Institute for Training and Research, the United Nations Joint Staff Pension Fund, the United Nations Office for Project Services, the United Nations Office on Drugs and Crime, the United Nations Population Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East and United Nations University.



2. The Advisory Committee reflected its comments and recommendations on specific topics in separate reports, including its report on the financial performance report on the programme budget for 2024 ([A/80/7/Add.1](#)). The Committee considered the report of the Board on the United Nations peacekeeping operations for the period from 1 July 2023 to 30 June 2024 in a dedicated report ([A/79/725](#)). In addition, key findings and recommendations of the Board on the United Nations Joint Staff Pension Fund contained in its report are discussed in the related report of the Committee ([A/80/7/Add.18](#)).

3. During its consideration of the reports, the Advisory Committee met members of the Audit Operations Committee of the Board, who provided additional information and clarification, concluding with written responses received on 25 September 2025. The Committee also met representatives of the Secretary-General, who provided additional information and clarification on the status of implementation of the Board's recommendations, concluding with written responses received on 23 October 2025.

4. In the concise summary of its principal findings, conclusions and recommendations, the Board included a section on investment income, as well as a chapter covering inter-agency cooperation (see sects. III.A.3 and IV below).

5. **The Advisory Committee commends the Board of Auditors for the continued high quality of its reports and expresses its appreciation for the valuable cross-cutting information contained in the concise summary and the inclusion of sections on investment income and inter-agency cooperation (see also [A/79/513](#), para. 5).**

II. Audit opinions of the Board of Auditors

6. As in previous years, the Board issued unqualified audit opinions for all 18 entities. **The Advisory Committee welcomes the fact that all entities under review have again received unqualified audit opinions from the Board of Auditors (see also [A/79/513](#), para. 6).**

III. Major findings of the Board of Auditors

A. Financial and budgetary matters

1. Financial situation of the audited entities

7. Of the 18 audited entities:

(a) A total of 13 entities experienced an increase in assets, most markedly the United Nations Joint Staff Pension Fund, owing mainly to an increase in the fair value of investments, while 5 experienced a decline in their assets, most notably United Nations peacekeeping operations as reported in volume II, attributable mainly to the substantial deficit incurred in 2023/24 and the closure of the United Nations Multidimensional Integrated Stabilization Mission in Mali;

(b) The Board notes an overall increase in total liabilities, in particular within the United Nations Joint Staff Pension Fund, due to the increase of the value of liabilities as they approach maturity and the accumulation of additional service benefits during the year. To a lesser extent, the liabilities of United Nations operations as reported in volume I also increased, which was mitigated in part by actuarial losses on employee benefit liabilities;

(c) Nine entities experienced an increase, while the remaining eight experienced a decrease in total revenue. In particular, the United Nations Development Programme (UNDP) registered a significant decrease in total revenue caused by the cyclical nature of its funding for multi-year programmes, while the United Nations Office for Project Services (UNOPS) experienced a significant increase, reflecting an expansion of project activities in which the Office operates as the principal;

(d) Total expenses experienced a downward trend in eight entities, most notably in the United Nations Children's Fund (UNICEF), owing mainly to lower earmarked funding, while the Office of the United Nations High Commissioner for Refugees (UNHCR) recorded an improvement in its overall financial performance, reflecting the positive impact of its expenditure controls while maintaining stable revenue levels (A/80/253, paras. 7–10).

8. At the end of 2024, the comparison of the net financial results of 17 of the audited entities (excluding the United Nations Joint Staff Pension Fund) showed that 11 closed the year with a surplus, while 6 recorded a deficit, including greater deficits in several entities with significant programmatic activities, such as United Nations peacekeeping operations. Several entities either increased their surpluses or decreased their deficits compared with the previous financial year. Notably, United Nations operations as reported in volume I showed a reduction in their deficit of \$294.0 million, underpinned by substantial increases in both voluntary and assessed contributions and self-insurance funds. A total of 12 entities recorded an improvement in overall net asset position in 2024 compared with 2023, most notably the United Nations Joint Staff Pension Fund, while 5 experienced a decline in their net asset positions, notably United Nations peacekeeping operations. The Board notes that 11 entities experienced a decline in their surplus/deficit position, while the remaining 7 showed improvement in that regard (ibid., paras. 12–16).

9. Upon enquiry as to entities funded from voluntary contributions that have recurring deficits, the Advisory Committee was informed that the Board noted that the situation was specific to each entity and that no definite trend could be ascertained. However, one of the main reasons applicable to many entities in the Board's portfolio is related to the timing difference in recognition of revenue and expenses embedded in the International Public Sector Accounting Standards (IPSAS), when contribution revenue, including for multi-year agreements, is recognized in the year when these agreements are signed, while expenses are incurred when contributions are collected and activities are implemented. Consequently, decreased revenue and increased expenses are part of expanded programme delivery. This issue of timing difference might be addressed through the implementation of new IPSAS 47 and 48, which are expected to have an impact on the way in which revenue and expenditure are recognized. Upon enquiry the Committee was informed that, on the basis of United Nations system-wide interpretation, the Administration was of the view that the implementation of IPSAS 47 and 48 was expected to improve the alignment of revenue and expense recognition with the inflow and outflow of resources across multi-year arrangements, enhance the consistency of financial reporting and strengthen the overall comparability of financial statements across the United Nations system. **The Advisory Committee notes the potential improvement in aligning expenditure and revenue through the implementation of new IPSAS 47 and 48 and looks forward to receiving information on any relevant impact on financial reporting in entities across the system in future reports, as appropriate.**

10. In the context of the ratio analysis, the Board notes that, in general, the financial position of all entities remained at least sufficient. The liquidity ratios were comfortably high for most of the entities; those entities for which the ratios were near

or below 1 may face potential solvency issues in the future if there are no further improvements. Of the 17 entities, only the International Trade Centre had a ratio below 1, owing primarily to an increase in total liabilities (*ibid.*, paras. 17–20).

11. The Advisory Committee notes the findings of the Board of Auditors that the overall financial position of the audited entities was sufficient as at 31 December 2024 and encourages the Board to continue to include comparative data and analysis in its future reports (see [A/79/513](#), para. 9).

2. Liquidity management

12. The overall financial situation for 2024 remained stable and the major financial ratios remained stable over the past three years. However, for the regular budget and related funds, the cash ratio stood at 0.69, 0.11 and 0.31 at the end of 2022, 2023 and 2024, respectively, indicating persistent liquidity challenges. To address the liquidity crisis, the Administration borrowed \$606.88 million in 2024 from working capital, Special Account and closed tribunal reserves, reaching a historical peak, and ending the year with approximately \$350 million in cash only through hiring restrictions and delays in procurement to avoid payment default ([A/80/5 \(Vol. I\)](#), chap. II, summary). **The Advisory Committee notes the persistent liquidity challenges and the measures taken by the Administration (see also [A/79/513](#), para. 10).**

13. The Board also provided information on events after the reporting date, indicating that 13 United Nations entities disclosed non-adjusting events after the reporting date, in line with IPSAS 14, following the announcement from a major government donor of a temporary suspension of foreign aid on 20 January 2025. Among those 13 entities, UNHCR and UNICEF reported a significant exposure due to the high proportion of receivables from that donor in their total receivables ([A/80/253](#), paras. 62–68). **The Advisory Committee looks forward to an update in the next report on the mitigating measures taken by management of entities affected by changes in donor contributions and on the impact of those measures on the entities' financial position.**

3. Cash and investment management

14. The United Nations Treasury is responsible for managing cash and investments and supporting the opening and closing of bank accounts worldwide. As at 20 May 2025, there were 281 active bank accounts in Umoja. As at 31 December 2024, the cash pools held total assets of \$12,091.5 million (2023: \$11,563.8 million), of which \$6,039.3 million (2023: \$5,324.4 million) was due to United Nations operations as reported in volume I, and its share of revenue from cash pools was \$290.8 million (2023: \$241.9 million) ([A/80/5 \(Vol. I\)](#), chap. II, paras. 113 and 115). As at 31 December 2024, eight of the audited entities were participating in the investment pool maintained by the United Nations Treasury. In addition, UNDP managed investments totalling \$13.0 billion for its own programmes and for other United Nations entities under service-level agreements, covering four entities included in the present report. Four entities (UNICEF, UNHCR, UNOPS and the United Nations Relief and Works Agency for Palestine Refugees in the Near East) had a total of \$17.74 billion in cash and investments that were not pooled or managed by others ([A/80/253](#), para. 28).

15. Upon enquiry, the Advisory Committee was informed that, while pooling funds in a common cash pool enabled the sharing of tasks, such as controls and investments, participation in such a pool remained at the discretion of each entity. The investments of each entity are subject to a detailed audit review. The Committee was also informed that the house banking system implemented in Umoja provided centralized cash management that improved efficiency, control and transparency. Key benefits include

reduced transactional costs, enhanced utilization efficiency of various currencies through cash pooling and professional investment management by the United Nations Treasury. The main pool of the United Nations Treasury comprises 503 pool participants, including 268 funds from nine other entities beyond those reported in volume I. However, the Board reports that, in accordance with the Administration, system-wide extension faces challenges owing to entities having different funding sources, investment strategies and operational requirements. The issue could be discussed at the High-level Committee on Management for more efficiencies and improvement opportunities. Individual cash management may have greater flexibility for participating entities' specific mandates and investment strategies with due levels of control, while, under the current practice, participating entities benefit from economies of scale, professional treasury services, standardized risk and control and proportionate revenue distribution based on their daily cash balances. The Committee also recalls its recommendations, endorsed by the General Assembly in its resolutions [73/268 A](#) and [74/249](#) (see [A/74/528](#), para. 14, and [A/74/528/Corr.1](#) and [A/73/430](#), para. 18), that the Secretary-General, in his role as Chair of the United Nations System Chief Executives Board for Coordination, present viable options for a centralized treasury investment management function of the United Nations system. (see also [A/75/538](#), para. 44). Upon enquiry, the Committee was informed that by the Administration that, in line with the High-level Committee on Management's request for far-reaching efficiency measures across various functional areas agreed to in April 2025, five co-leads (United Nations Secretariat, UNDP, UNICEF, UNOPS and UNHCR) submitted a joint proposal for the F2 project, a United Nations corporate treasury and cashier service, on 18 July 2025. The co-leads' proposal is intended to create a suite of financial services from which the United Nations agencies, funds and programmes can select one or more offerings as their needs dictate. With a realistic approach, the possibilities are significant, and success will come from these two recommended tracks. However, it should be noted that the services are optional, and any entity wishing to use the co-leads' services would do so under careful consideration of relevant aspects, including the entity's unique risk landscape and existing institutional and governance arrangements. The annual meeting of the Working Group of Common Treasury Services has been scheduled for October 2025. The F2 project will also constitute a central agenda item at the 2025 annual meeting of the Working Group, with dedicated presentations addressing service offerings and potential governance and legal considerations. A pricing exercise will be carried out by agencies for the services that they offer so that other agencies, funds and programmes evaluating these services can make informed decisions on a financial basis. **The Advisory Committee trusts that a renewed impetus in system-wide engagement in the context of UN80 Initiative will also include discussions relating to centralized treasury investment management and looks forward to receiving more information in that regard in future reports.**

16. The General Assembly, in its resolution [79/245](#), requested the Advisory Committee to request the Board of Auditors to keep matters related to accrued interest under review and report thereon in its future reports. The Board affirms that the review of the 18 entities indicated that available funds are invested through a range of instruments, including short- and long-term placements, equities, bonds and term deposits. Investment approaches, in general, are designed to preserve capital, optimize returns and limit exposure to risk. Total investment income amounted to \$9,184.2 million as at 31 December 2024. The favourable market environment during the year enabled entities to achieve robust returns, with an average yield of 6.4 per cent, up from 5 per cent in the 2023 financial year. However, investment income still represented only a marginal share of total revenue across the entities. The sole notable exceptions are United Nations University, where earnings from investments accounted for a substantial 34.4 per cent of total revenue (which amounted to

\$114.9 million), due mainly to the endowment fund portfolio, and the United Nations Joint Staff Pension Fund, where earnings from investments accounted for 64 per cent of total revenue (\$11,702.7 million), reflecting its core mandate as a pension fund entrusted with the management of long-term assets to finance future benefit obligations (A/80/253, paras. 32–33).

17. Upon enquiry on the investment approaches of the various entities, the Advisory Committee was informed that, as a general matter, the United Nations entities prioritized the security of investments over their profitability. Nevertheless, the amounts invested do allow some entities to generate substantial supplementary income. Although investment policies have been reviewed in each entity, Organization-wide information on investment strategy, such as short-term versus long-term orientation or in-house versus outsourced management, was not requested nor included in the concise summary. This point could be added to next year's concise summary. In any case, the tenor of investments for the reviewed entities was driven primarily by the maturity of liabilities and assessed liquidity needs. Whether investment management was conducted in-house or delegated, portfolio management was assessed as sound, and investment strategies were developed in consultation with operational teams. **Noting the request of the General Assembly in its resolution 79/245, the Advisory Committee trusts that the Board of Auditors will continue to keep this matter under review and looks forward to further detailed information in the next report, such as different investment approaches and management practices across the various entities.**

4. Cost recovery

Legacy balance clean-up

18. According to the cost-recovery policy and guidelines updated on 28 April 2024, an entity supplying a service should fully recover all costs that are properly associated with providing that service. Profit or loss should be avoided because United Nations entities are not-for-profit organizations and profit or loss in such a scenario leads to a redistribution of funding between entities, contrary to donors' intentions. For individual funds, the overall fund balance should not exceed one year of expenses based on the average of the past three years (A/80/5 (Vol. I), chap. II, para. 47).

19. The Board notes that the cumulative fund balance as at 31 December 2024 was \$446.14 million, representing a 2 per cent decrease from the balance of \$456 million as at the end of 2023. Through a structural analysis on business areas (i.e., entities), the Board notes that United Nations Headquarters had the largest portion (\$241.71 million as at 31 December 2024) of the 10RCR cumulative fund balance as at the end of the past five years, ranging from 49 to 55 per cent. The Board also conducted a trend analysis of the 10RCR reserve ratio (i.e., year-end cumulative fund balance divided by average annual expenses of the past three years) and notes that the ratio had been reduced to 1.56 at 2024 year end compared with 1.7 in 2023. The Board reviewed the clean-up activities undertaken by the Administration and notes that the \$198.07 million legacy balance was composed mainly of three funds and that the Administration had identified and distributed \$125.12 million (63 per cent) to appropriate fund centres to offset the corresponding deficit or cover staff liabilities reserves, leaving a remaining balance of \$72.95 million that was pending further analysis. The Administration also explained that an analysis of the remaining legacy accumulated balance was ongoing and expected to be completed in the fourth quarter of 2025. The Secretary-General will report on this progress in the forthcoming cost-recovery report, to be presented to the General Assembly at its eightieth session (*ibid.*, paras. 48–52).

20. Upon enquiry, the Advisory Committee was informed that the fund balance of \$72.95 million, which is pending an analysis, comprised mainly \$56.04 million from the OJA fund (services to external agencies) and \$13.46 million from the JUA fund (information and communications technology (ICT) services), some of them originating from regular budget revenue and therefore eligible for return to Member States upon completion of the review. However, the Administration has not provided specific amounts to be returned, and this information will be provided upon the completion of the remaining legacy balances of \$72.95 million, which is expected to be done by the end of 2025 according to the Administration. The Board was informed that the Secretary-General would report on the results of such review and clean-up in the cost-recovery report at the eightieth session of the General Assembly and would continue to look into the issue in future audits. **The Advisory Committee trusts that the review of the remaining balances will be concluded expeditiously and that updated information in that regard will be provided to the General Assembly at the time of consideration of the present report.** The Committee makes further comments in its report on cost recovery.

Review of allocation options for 10RCR investment revenue

21. The Board notes that 10RCR investment revenue totalled \$51.64 million during the period 2020–2024, with corresponding expenses totalling \$5 million, leading to an accumulated balance of \$46.64 million for the period. Specifically, the investment revenue saw a large increase from 2022 to 2024, with revenue of \$8.52 million, \$16.15 million and \$22.21 million, respectively. The highest expenses during the period were \$1.85 million for 2024. The Board analysed the funding sources and notes that the regular budget and related funds, as well as peacekeeping missions, were the two largest users of cost-recovery services. Nevertheless, they accounted only for 19 to 23 per cent of the revenue during the period. The majority of the revenue generated under 10RCR relates to services provided to external parties, which accounted for 77 to 81 per cent of the revenue. In response to the Board's recommendation, the Administration updated the cost-recovery policy and guidelines on 1 April 2025, which provided that the interest income or loss for the cost-recovery funds was managed centrally by the Office of Programme Planning, Finance and Budget (*ibid.*, paras. 55–59).

22. Among the operational departments with significant fund balances, the Office of Information and Communications Technology maintained a cumulative fund balance of \$32.78 million, with a 10.05 per cent surplus ratio in 2024. In 2024, the annual surplus (revenue minus expenses) was \$3.96 million, with a surplus ratio (annual surplus/revenue) of 10 per cent, representing a decrease from 2022 (23 per cent) and 2023 (21 per cent), which indicated an improvement in annual surplus management. The Board notes that the high surplus ratio in recent years could be attributable mainly to the deficiencies in the cost-tracing regime of cost-recovery services in the Office. The Board is of the view that enhancing the matching of revenue and expenses to the appropriate granularity (e.g., service/functional level) would enable more effective monitoring of actual revenue, expenses and, therefore, surpluses related to 10RCR services. This would allow for timely and appropriate service rate adjustments, when necessary, to avoid the excess accumulation of surpluses or deficits (*ibid.*, paras. 67–73).

23. Upon enquiry, the Advisory Committee was informed by the Board, that while the cost-recovery policy and guidelines updated on 28 April 2024 provided clear requirements for classifying non-spendable or spendable revenue, for service providers to understand, calculate and attribute costs to specific service activities, some areas needed improvement. The central issue is the insufficient systematic link between activities and resources, in that: (a) revenue is recorded at the service level

while costs are sometimes not allocated and recorded properly, resulting in misalignment; and (b) there is no one-to-one relationship between the Office of Information and Communications Technology revenue collected and expenditure incurred, with annual surplus ratios of 31 to 34 per cent during the period 2022–2024. The Board is of the view that strengthening the systematic link between activities and resources through enhanced cost-tracing regimes and improved cost allocation mechanisms would contribute to reviewing the rate card to make it more reasonable and aligned with the non-profit-making principle. In addition, establishing an evidence-based and realistic reserve level and ensuring the timely clean-up of the legacy balances and returning the relevant balances to Member States are also important for the proper management of cost-recovery services.

24. The Advisory Committee was also informed that, while the Secretariat had made some progress in attributing costs to activities, the audit revealed persistent issues with cost-tracing mechanisms. In the Board's view, where full alignment of revenue and expenses at the fund centre level is not feasible operationally, service providers may align their revenue and expenses at the functional level rather than at the fund centre level, provided they can justify the operational constraints. As regards the broader application of activity-based costing principles, the Board agrees that this experience could inform other budget management areas. The cost-recovery framework makes service providers more accountable for and aware of the costs of providing services, facilitating more effective cost management. The lessons learned from cost recovery could provide some insights into improving cost-activity links in other parts of the budget.

25. The Advisory Committee was further informed of the Board's key concerns regarding cost-recovery management, as follows: (a) excessive fund balances remain unaddressed; (b) there were delays in legacy balance clean-up; (c) the investment revenue allocation mechanism had not been duly established; and (d) there were cost-tracing regime deficiencies. There is misalignment between revenue recording (at the service/project level) and cost allocation and recording, resulting in an inability to review the rationale of the pricing of the service. The Committee makes further comments in its report on cost recovery.

5. Trust fund management

Management of programme support cost reserves needs further improvement

26. As provided for in the administrative instruction on programme support accounts (ST/AI/286), an operating reserve at the level of 20 per cent of the estimated annual programme support income should be set in order to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in cases of the abrupt termination of activities financed from extrabudgetary resources. Pending the finalization of the updated administrative instruction, and in response to the Board's prior recommendation, the Administration issued new programme support cost guidelines in April 2025. Those guidelines extended the reserve requirements beyond the original 20 per cent operating reserve (currently at \$35.77 million) to include a 12-month contingent reserve (currently at \$153.77 million). It is specified in the new guidelines that the corporate programme support cost fund should maintain a minimum reserve, currently at \$253.7 million. As at the time of audit, the revised administrative instruction was under review by management (A/80/5 (Vol. I), chap. II, paras. 78–84). Upon enquiry, the Advisory Committee was informed by the Administration that all 62-type funds included a two-tier structure of operational and contingent reserves. The corporate programme support cost fund (62RPS) includes a three-tier structure of operational, contingent and corporate reserves. The amount required for the reserve in the corporate

programme support cost fund (62RPS) is \$253.7 million and the total amount required for the reserve in all 62-type funds, including the corporate PSC fund (62RPS), is \$386 million. The Administration indicated that, in the absence of mandatory reserves in the underlying trust funds, which are funded at a high value of approximately \$3.2 billion per year and would have been \$480 million had a minimum of 15 per cent reserve been mandatory, the current net assets (\$290.19 million) constituted the only safety net for all voluntary contribution-funded operations, falling short of the target of approximately \$386 million.

27. As at 31 December 2024, United Nations operations as reported in volume I had 50 programme support cost funds, with a total amount of \$290.19 million in net assets, of which \$90.81 million was attributable to 62RPS (corporate programme support cost fund). The operating reserve level of 20 per cent in line with administrative instruction [ST/AI/286](#) amounts to \$35.77 million. The Board notes that, as at 31 December 2024, apart from the 62RPS fund, United Nations operations as reported in volume I had 49 programme support cost funds of implementing entities, with \$169.18 million in net assets, compared with the \$114.71 million at the end of 2022 (47 per cent increase) and \$148.52 million at the end of 2023 (14 per cent increase). According to the Board, the reserve level under the new April 2025 programme support cost guidelines would be of \$132.37 million. The Board also notes that a couple of programme support cost funds of implementing entities had high net assets (more than \$1 million) at the end of 2024, such as 62DCD (Department of Economic and Social Affairs), 62ODA (Office for the Coordination of Humanitarian Affairs), 62OHR (Office of the United Nations High Commissioner for Human Rights (OHCHR)) and 62ODC (Central Emergency Response Fund). After deducting the 20 per cent operating reserve and 12-month estimated total annual programme support cost expenses as the contingent reserve, the remaining balance of some implementing entities remained positive, while some entities held negative ones. The Administration indicated that the programme support cost funds related to the Office for the Coordination of Humanitarian Affairs, OHCHR and the Office of Counter-Terrorism, whose trust funds represent some 80 per cent of the entire extrabudgetary operation of \$3.2 billion, would have a shortage of net assets of more than \$31 million after deducting required reserves under the new policy. The Board recommends that the Administration add the net asset balance, including the required target reserve balance, of the 62-type funds in the current internal control dashboard to further enhance monitoring of the management of the extrabudgetary resources (*ibid.*, paras. 89–92 and 95).

28. The Advisory Committee was also informed that the Board noted that programme support cost reserves had expanded beyond their original administrative support function, with corporate reserves now including after-service health insurance/medical insurance plan provisions, capital initiatives and restructuring and reorganizing costs. The Board is of the view that there is a need for clarity regarding the definition of and distinction between the operating and the contingent reserves, which appear to overlap because both are intended to mitigate risks from unforeseen shortfalls. In addition, the substantial allocation for a potential major capital investment is insufficiently justified in that there is no clear plan for such large-scale projects. Moreover, the remaining allocations, including those for after-service health insurance/medical insurance plans and short-term capital investments, need to be duly supported by detailed justifications and evidence.

29. With regard to reserves for after-service health insurance/medical insurance plans, the Board indicates that it understands the rationale for related provisions, given the absence of alternative funding mechanisms. It also states, however, that these obligations are financed through dedicated reserves, which operate as savings mechanisms earmarked for future defined expenses. The Advisory Committee notes

that, during its deliberation on the United Nations Office on Drugs and Crime (UNODC) extrabudgetary programme budget, it was informed that a separate reserve had been created for those extrabudgetary funded liabilities and that, as at 31 December 2024, it was fully funded.

30. As regards the \$253.7 million for corporate reserves, including capital investments, the Administration's reliance on historical expenditure from past projects, such as Umoja, as proxies for unpredictable future capital needs to be better justified with sufficient evidence and clear projections. The Board notes that a detailed review needs to be conducted on the rationale for maintaining the \$253.7 million as a reserve for the corporate programme support cost fund and the annual charge at the corporate level with some balance further being accumulated in the past years. **The Advisory Committee concurs with the Board of Auditors and notes the need for clarity on the definition of and distinction between operating and contingent reserves, as well as precision regarding the definition and calculations of the corporate reserve. With regard to the corporate reserves, the Committee trusts that more clarity will be provided on the methodology and criteria applied to determine the level of reserves required for capital investments. With respect to after-service health insurance liabilities, the Committee trusts that more comprehensive information on existing dedicated trusts funds and corresponding assumptions under programme support cost reserves will be further clarified. The Committee notes the ongoing finalization of the related updated administrative instruction and trusts that it will provide a clear and improved framework for management of the three levels of trust fund reserves.**

31. **The Advisory Committee stresses the need for more transparency on the management and use of reserves and trusts that information on the various programme support costs reserve balances and expenditure will be provided in future financial performance reports or other relevant reports.**

32. As regards the absence of a mandatory operating reserve in trust funds, the Advisory Committee was informed by the Secretariat that there was no requirement for a mandatory reserve in the trust funds, in view of the challenges that such a requirement presented from both donor relations and operational perspectives. Donors expect and require the use of their voluntary contributions in full towards the programmatic activities. It is therefore unlikely that donors would provide consent for the Organization to set aside a reserve of any value, or a corporate reserve, for future requirements and those that are not immediate. Furthermore, the implementation of activities with a percentage of contributions withheld as a reserve is administratively cumbersome and comes with increased transaction costs. Moreover, a fixed percentage as a reserve is not always warranted or supported. Depending on the complexity and type of operation, it may be excessive and divert necessary funds from programmatic activities. Therefore, the recommended approach is a tailored-based reserve, given the operational specificities and risks associated with each trust fund, which the programme managers are privy to and regarding which they possess the best and most accurate information. The Committee notes from its deliberations on the UNODC consolidated budget that the entity's reserves for the general-purpose and programme support cost funds have been set at 12 months of estimated expenditure, while the reserves for special-purpose funds were maintained at 15 per cent of estimated annual expenditure. The Committee also notes the Board's recommendation regarding the management by the Office for the Coordination of Humanitarian Affairs of the country-based pooled fund cash balance and of the operating reserve (see para. 33 below). **While noting the challenges of a one-size-fits-all approach to operational reserve management in trust funds, the Advisory Committee is of the view that, given the significant amounts operated under some**

funds, as well as the importance of clear delineation between direct and indirect support costs, an absence of mandatory operational reserves for trust funds might lead to the excessive accumulation of corporate reserves aimed at compensating for the risks of liabilities under trust funds. The Committee trusts that more information on the approaches of the Secretariat's biggest trust funds, in terms of their operational reserves, will be provided in future reports.

Improvement needed in the management of the cash balance for humanitarian trust funds

33. The Board notes that cash balances of 32DDN (Office for the Coordination of Humanitarian Affairs) totalled \$1.44 billion as at 31 December 2024, compared with \$920.66 million as at the end 2021, \$1.12 billion as at the end of 2022 and \$1.19 billion as at the end of 2023, representing an increase of 56, 29 and 21 per cent, respectively. A structural analysis revealed that \$1.16 billion (or 81 per cent) was related to country-based pooled funds, including outstanding commitments of \$251.91 million. The Board sampled one country-based pooled fund and notes that the lack of funding resulted in significant impacts on the ability to provide aid to the population in need, such as the suspension of health facilities, non-functional facilities and many children at risk of severe malnutrition, while the cash balance of the fund was \$82.72 million by the end of 2024. The Board is of the view that more humanitarian needs would be addressed if the cash balance had been repurposed or reused. The Board recommends that the Administration expedite the clearing of outdated pending commitments and cash balances of closed country-based pooled funds to improve the performance of the funds. The Board also notes that the Office had not formulated definite guidelines on operating reserve management by the end of 2024 (A/80/5 (Vol. I), chap. II, paras. 98–103 and 107). **The Advisory Committee concurs with the Board of Auditors and considers that a framework on the management and use of humanitarian trust funds is essential for transparency and effective management. The Committee trusts that the Board will continue to review this matter and provide an update in its next report.**

6. Budget management

Construction projects

34. The Board notes that the information presented in some special political missions' budget submissions for construction projects is less detailed than what is typically required for section 33 projects. For example, at the United Nations Assistance Mission in Somalia in Dhuusamarreeb, the budget submissions did not provide detailed information regarding the overall project budget, specific scope of work or implementation timeline. The Board recommends that the Administration strengthen the role and capacity to provide guidance on construction projects of special political missions and expedite the development of appropriate threshold criteria, as well as evaluation methods, for those construction projects that would be subject to the review of the Global Asset Management Policy Service (*ibid.*, paras. 127 and 133). Upon enquiry, the Advisory Committee was informed that the Service was not equipped to provide oversight on construction projects in field missions. Nevertheless, the Service is assessing how to strengthen its capacity to provide tailored guidance on construction projects in field missions, drawing on best practices and lessons learned on construction projects from other parts of the United Nations Secretariat. As a first step, it would prioritize the development of appropriate thresholds, criteria, evaluation methods and support mechanisms to be tailored to peacekeeping and special political missions. The Board also notes project delays between budget proposals and implementation progress and untimely fund clearances for multi-year construction projects (*ibid.*, paras. 137–138).

35. The Advisory Committee was informed by the Board that its key concerns in relation to construction project management were as follows: (a) inadequate project planning and reporting; (b) weakness in governance arrangements in relation to construction project management with tiered controls proportionate to the size, amount and scale, among other factors, to ensure, for example, proper planning, resourcing, risk management, quality control and monitoring; (c) deficiencies in contract management; and (d) misuse of provisions and insufficient feasibility studies. **The Advisory Committee recalls that it previously stressed the importance of robust planning, budgeting, procurement and management of major construction projects and trusts that deviations will be comprehensively reflected and justified in missions' performance reports (see also A/79/725, para. 39).**

7. Asset management

36. The net book value of property, plant and equipment of United Nations operations as reported in volume I totalled \$3.10 billion as at 31 December 2024, representing a 2.3 per cent increase from the prior year's balance of \$3.03 billion. The largest portion of property, plant and equipment comprised land and buildings, which totalled \$2.26 billion, or 73 per cent of the total property, plant and equipment, while assets under construction totalled \$0.60 billion, or 19 per cent of the total property, plant and equipment (A/80/5 (Vol. I), chap. II, para. 154).

37. The Board reviewed the schedule execution and cost implication of the six major construction projects of the United Nations Secretariat and notes that five were delayed and three experienced budget increases beyond their original estimates. The Board also notes the following: (a) the use of a cost escalation allowance that is inconsistent with the related guidelines; (b) the need for improvement in contract management of construction projects; and (c) the need to enhance the comprehensive feasibility study for construction projects. The Board recommends that the Administration establish a lessons learned exchange process, with a specific emphasis on cost and schedule management, to help project owners to improve future project management by drawing on experiences in the cases examined by the Board (*ibid.*, paras. 157–167). The Board comments, in particular, on the project cost status and inconsistencies of the strategic heritage plan. **The Advisory Committee concurs with the recommendation of the Board of Auditors for a lessons learned exchange process, with an emphasis on cost and schedule management, and trusts that more information in that regard will be provided in future major construction reports and in the next capital investment planning report.** The Advisory Committee makes comments on the strategic heritage plan in its related report.

8. Information and communications technology

38. The Board observes that the Office of Information and Communications Technology did not consolidate the needs of relevant entities within the Secretariat and throughout the United Nations system in respect of a widely used client relationship management software. The lack of a system-wide contract led to variances in procurement prices and missed opportunities for economies of scale and volume discounts. As regards cloud services, the Board reviewed contracts with two service providers that adopted a usage-based floating pricing strategy, which allows for volume discounts through aggregated demand. The Administration indicated that a 15 per cent discount for cloud services was secured in April 2025 by consolidating the use of all United Nations system entities utilizing the same services. The Board is of the view that a review of the cloud service subscription and its use at the Secretariat or in the United Nations system is needed for better consolidation of demands and more volume discounts. The Board is also of the view that due acquisition planning

and sourcing of ICT-related needs through the establishment of system contracts is a strategic imperative for the Organization (*ibid.*, paras. 436–439). **The Advisory Committee recalls that the General Assembly encouraged the Secretary-General, as Chair of the United Nations Chief Executives Board for Coordination, to foster deeper coordination and collaboration among United Nations organizations in all matters related to ICT (resolution 63/262, sect. I, para. 8). The Committee looks forward to a presentation of related proposals in the context of UN80 Initiative.**

39. The Board found that there were 20 ICT contracts with a duration of more than 10 years, indicating that the Organization’s ICT supply chain had a long-term reliance on specific vendors. Among these, 10 contracts have annual expenditure of more than \$1 million, with a total contract value of \$1.43 billion and annual expenditure of \$66 million in 2024. The Board is of the view that broadening the contractor scope in ICT procurement is essential to reduce the risks associated with a prolonged reliance on a single vendor, which would consequently weaken bargaining power, increase vulnerability to service disruptions and lead to technological lock-in. The Board recommends that the Administration conduct a comprehensive assessment of the dependency on a single vendor for ICT contracts with high value and assess the feasibility of adopting an exit strategy to mitigate operational risks to best protect the interest of the Organization (*ibid.*, paras. 437–443). **The Advisory Committee notes the recommendations of the Board of Auditors and considers that, given the number and value of contracts, the Organization should maximize its bargaining power.**

40. The Board identified gaps in the refined elements of the ICT strategy (A/79/339), including: (a) the lack of a detailed multi-year implementation plan, which should include timelines, milestones and performance indicators corresponding to the strategic plan proposed by the Secretary-General; (b) the absence of an outreach component to promote awareness of human resources and vendor opportunities, in particular from developing countries and countries with economies in transition; and (c) the lack of an estimate of resources needed for the implementation of the ICT strategy. The Board recommends that the Administration work out a detailed implementation plan, clarify resources estimates, develop outreach component and conduct a review of efficiency initiatives for the refined ICT strategy in line with General Assembly resolutions (*ibid.*, paras. 456 and 461).

41. The Board notes that, since 2016, the Headquarters Committee on Contracts requested, in at least four meetings held during the period from 2016 to 2020, that a new solicitation be initiated or expedited in order to replace a long-term contract (which was 22 years old as at the time of audit) for networking equipment, software licences and related services. In 2022, the Committee further suggested segmenting the current monolithic structure of the prolonged contract into three separate contracts. Notwithstanding projected cost savings upon implementation, no substantive action had been taken by the Administration owing to the absence of updated requirements, allowing the specific vendor’s products and services to remain the United Nations standard and preference (*ibid.*, para. 463).

9. Supply chain management

42. In chapter II, paragraph 312, of its report A/79/5 (Vol. I), the Board recommended that the Administration classify strategies as either core or bespoke. The Office of Supply Chain Management followed that recommendation and created a list of 15 core categories, the remaining 25 ones being defined as bespoke. Nine initiatives were approved as part of the category strategy in 2022; as at the time of

the audit, however, only two had been fully implemented (A/80/5 (Vol. I), chap. II, paras. 308–309 and 311).

43. With respect to the development of market outreach towards priority businesses, the annual registration of women-owned and disability-inclusive businesses on the United Nations Global Marketplace shows progress, and 68.4 per cent of all companies registered in the Global Marketplace in the professional services category come from least developed or developing countries or countries with an economy in transition. However, between 2020 and 2024, women-owned businesses and disability-inclusive companies won only 3.5 per cent of the contracts in the professional services category, while, in 2024, the share of procurement volume awarded to companies from developing countries and countries with economies in transition was 33.7 per cent, and improving on those numbers was outside the Organization's control (ibid., paras. 315–317).

44. Insufficient vendor competition was identified in audits targeting related procurement categories in 2023 and 2024. On the basis of the analysed sample, the average number of responses per solicitation process was five, representing only 6 per cent of the total number of vendors that were invited to participate in the solicitation processes, notwithstanding efforts in direct market research. The Board recommends that the Administration encourage vendors that have been invited but declined to participate in solicitations provide feedback on the reasons for declining to participate (ibid., paras. 318–322).

B. Human resources management

Delays regarding staff selection 2.0 and policy review

45. The Board notes that the programme management team of the staff selection 2.0 programme was established at the end of 2024, representing a delay or more than one year compared with the original plan. As at the end of 2024, the simplification, development or revision of 55 of 116 human resources policies (47 per cent) had not been completed as planned and 14 were rescheduled to be carried forward to 2025. With regard to equitable geographical distribution targets, the number of underrepresented and unrepresented countries needs further improvement. Between 2021 and 2024, the number of underrepresented countries and unrepresented countries was reduced. In 2022, 2023 and 2024, the proportion of new staff appointments from unrepresented or underrepresented Member States to geographical posts in the Secretariat remained stagnant, at 22 per cent, significantly below the 50 per cent target, with no discernible improvement. The Board recommends the Administration prioritize the implementation of the staff selection 2.0 programme by formulating detailed implementation plans and timelines and take proactive measures targeting those entities that do not fulfil the established targets, in order to improve the representation of those underrepresented and unrepresented Member States (ibid., paras. 211, 214, 218 and 220–221).

46. The Advisory Committee was informed by the Administration upon enquiry that the overall slow progress in improving geographical representation was due to several factors and persistent challenges, including the difficulty in attracting qualified candidates from unrepresented or underrepresented Member States, limited resources for targeted outreach, ongoing recruitment restrictions linked to the Organization's financial situation and systemic challenges in the recruitment process. The Secretariat is leveraging all available channels within the system to encourage qualified nationals from unrepresented and underrepresented Member States, in particular, to consider international careers. To ensure continuous improvement, tracking the progress of equitable geographical distribution will be reinforced by through the provision of

enhanced reporting mechanisms and detailed data that enable more effective and timely action.

47. The Advisory Committee reiterates the need for continuous and intensified efforts to achieve equitable geographical representation. It also reiterates that it looks forward to the comprehensive human resources management strategy to be presented at the eightieth session of the General Assembly, as requested by the Assembly. The Committee trusts that the strategy will include proposals for expeditious progress towards achieving human resources management goals, such as regarding geographical distribution and representation, gender parity and rejuvenation of the Organization.

Shortcomings in the management of liens

48. The Board notes that a lien is often used in position adjustment within the Secretariat, referring to the right of an employee temporarily assigned to a different entity or position to return to their original entity or position after the temporary assignment ends. There are specific and general liens, with specific liens ensuring that staff members can return to the original post. As at 31 December 2024, 945 staff members within the Secretariat had been granted liens, while 496 positions were vacant owing to liens, with 254 maintaining a lien for more than two years and 21 for five years or more. A total of 248 positions in Secretariat entities are blocked owing to specific liens, of which 124 (50 per cent) are vacant owing to a lien. There is no policy in which the maximum duration thereof is stipulated, which leads to inconsistencies and lack of clarity. The Board also notes instances in which liens were granted to staff members selected to other positions through job openings, which should have been discontinued. The Board recommends that the Administration finalize the forthcoming policy provisions on the management of liens, indicating clearly their definition, type, conditions, applicability and duration, among others, to ensure clarity, consistency and compliance (*ibid.*, paras. 223–234).

49. Upon enquiry, the Advisory Committee was informed that the entities with the highest number of granted liens maintained for more than two years as at the time of the audit were the United Nations Conference on Trade and Development (25 staff), the Department of Political and Peacebuilding Affairs (23 staff), the resident coordinator system (22 staff), OHCHR (20 staff), the Department of Operational Support (17 staff) and the Department of Global Communications (16 staff). In its most recent report on the overview of human resources, the Committee had been informed that, in the new draft administrative instructions on the administration of appointments that was being finalized for legal review, there would be a new section on lien management, which would provide that: (a) liens could not be granted upon selection through job openings (except for inter-agency secondment or loan); and (b) liens would be granted only for selection through temporary job openings. All liens would have a maximum duration of two years, except for staff members in the General Service and related categories who have not passed the competitive examination, in accordance with staff rule 4.16, but are exceptionally selected through a temporary job opening for a position in the Professional and higher categories, who could be granted a lien only to the parent post up to a maximum period of one year. **The Advisory Committee reiterates that it looks forward to receiving in future overview of human resources reports comprehensive information and comparative data on the implementation of policy changes, including its impact on lowering the number of vacant posts blocked by staff maintaining liens (see also [A/79/745](#), para. 48).**

Improvements needed in management of staff contracted through the United Nations Development Programme

50. The Board notes that, in line with the data in the management dashboard, the number of staff administered by UNDP in United Nations entities as reported in volume I rose to 1,887 as at 21 April 2025 (1,810 in December 2021), with 722 staff recruited after July 2022. Recruitment remained managed solely by UNDP without the involvement of the relevant Secretariat entities and did not go through the Secretariat central review mechanism. The Board also notes that, in response to liquidity challenges, the Administration imposed Inspira system restrictions on regular budget vacancy hiring, requiring entities to periodically notify the Inspira team to unblock the specified posts for the final selection in order to align them with cash allocation timelines, while the hiring of consultants and experts was required to be minimized in 2024. Furthermore, on 4 March 2025 the Administration enacted a full suspension of regular budget hiring until 31 August 2025. The Board, however, notes that 305 staff in United Nations entities as reported in volume I were contracted through UNDP-administered agreements between February 2024 and 21 April 2025, including 259 in the Office for the Coordination of Humanitarian Affairs and 44 in OHCHR. Among those staff members, 296 were contracted under periodic notification rules, while 9 were contracted during the hiring suspension period (*ibid.*, paras. 237, 238, 242 and 243). **The Advisory Committee trusts that more clarification on the use of contracts through UNDP during the hiring suspension period in the Secretariat will be provided to the General Assembly at the time of its consideration of the present report.**

C. Internal controls, delegation of authority, accountability and oversight

51. As regards the delegation of authority monitoring framework, the Business Transformation and Accountability Division introduced, on a provisional basis, a key performance indicator of repeat purchases from some vendors to monitor whether the aggregate repeat or multiple stand-alone purchases through low-value acquisitions and purchase order awards from the same vendor exceeded the low-value acquisition threshold of \$10,000 or request for quotation threshold of \$150,000, or the entity's chief procurement officer approval level, and whether the blanket purchase orders exceeded the threshold of \$100,000 or the contract duration exceeded three years, or a vendor was awarded multiple blanket purchase orders simultaneously. The Board notes that some low-value acquisitions should have been consolidated and gone through the most appropriate procurement process to achieve potential economies of scale and that 14 blanket purchase orders exceeded the threshold of \$100,000 per year. The Board recommends that the Administration strengthen efforts to monitor the improper use of low-value acquisitions and blanket purchase orders by closely following up on and adopting a more targeted approach in the new response mechanism pilot to reduce the improper use thereof (*ibid.*, paras. 343–346).

52. The Administration piloted the key performance indicator of “Timely assessment of prohibited conduct” in the second quarter of 2024 to monitor whether entities completed the preliminary assessment within three months after the cases had been transferred by the Office of Internal Oversight Services, which is a key procedure and is crucial in implementation of the accountability framework. However, as of May 2025, the key performance indicator remained in a “provisional state”. The Board recommends that the Administration enhance the Case Management Tracking System to ensure accurate data capture to enable the formalization of the key performance indicator as soon as possible (*ibid.*, paras. 348 and 351).

53. The Advisory Committee reiterates that increased delegated authority must be matched by enhanced transparency and accountability, with special attention given to recurring deficiencies raised by the oversight bodies, to ensure accountability and timely remedial action to address underperformance. The Committee also reiterates the need for more effective oversight and accountability mechanisms, as well as greater compliance with regulations and rules to support enhanced mandate delivery across the audited entities (see also [A/79/513](#), para. 57).

D. Status of implementation of the recommendations of the Board of Auditors

54. The overall rate of implementation of the outstanding recommendations of the Board was 51.60 per cent in 2024 and remained stable in 2024, compared with 2023 (increase of 0.52 percentage points compared with 51.08 per cent in 2023). As at 31 December 2024, the 18 entities covered in the present report had accumulated 310 outstanding recommendations (297 under implementation and 13 not implemented). In 2024, 11 entities achieved an implementation rate above 50 per cent. Seven entities (United Nations operations as reported in volume I, United Nations peacekeeping operations, United Nations Population Fund, UN-Habitat, UNHCR, UNODC and UN-Women) had an implementation rate below 50 per cent in 2024. United Nations peacekeeping operations had the lowest implementation rate in 2024, at 26.42 per cent, while UNICEF had the highest, at 83.87 per cent ([A/80/253](#), paras. 241–243). The Board notes that there were 187 outstanding recommendations for United Nations operations as reported in volume I up to the year ended 31 December 2023, of which 84 (45 per cent) had been implemented, 86 (46 per cent) were under implementation and 17 (9 per cent) had been overtaken by events. Among those 86 audit recommendations raised by the Board in its prior reports and that remained under implementation, 47 were overdue (originally scheduled for implementation between 2017 and 2024), including 41 that had been postponed more than once in terms of implementation, with the longest one being postponed for eight years ([A/80/5 \(Vol. I\)](#), chap. II, summary).

55. Upon enquiry, the Administration indicated that, as part of the continuous improvement approach at the core of the work of the Business Transformation and Accountability Division, the Division was strengthening its coordination with the Board. The Division has adopted a more proactive stance to supporting managers in improving performance in closing recommendations pertaining to the Secretariat, in particular long-overdue ones, with positive early results. Since the implementation of this initiative, the closure rate of Board recommendations increased from 48 per cent for the year ended 31 December 2023 to 54 per cent for the year ended 31 December 2024.

56. **While the Advisory Committee notes the stable rate of implementation of the outstanding recommendations in 2024, compared with 2023, it also notes the high number of recommendations for which implementation is overdue, and trusts that further efforts will be made to improve the implementation rate. The Committee recalls that the General Assembly, in its resolution 78/242 A, reiterated its request to the Secretary-General and the executive heads of the funds and programmes of the United Nations to ensure full implementation of the recommendations of the Board of Auditors and the related recommendations of the Committee in a prompt and timely manner, to continue to hold programme managers accountable for the non-implementation of recommendations and to effectively address the root causes of the problems highlighted by the Board. The Assembly also reiterated its request to the Secretary-General to provide in his reports on the implementation of the recommendations of the Board a full**

explanation for the delays in the implementation of the recommendations of the Board, in particular those that had not been fully implemented for two years or more. The Committee welcomes the strengthened coordination of the Administration with the Board and trusts that it will lead to continuous improvement in the level of implementation of the Board's recommendations.

IV. Other matters

Development reform

57. Since 2016, the United Nations development system has implemented reforms to realize the 2030 Agenda for Sustainable Development, centred on reinvigorating the resident coordinator system with independent and empowered resident coordinators and strengthened United Nations country teams. A total of 12 of 130 resident coordinator positions (9 per cent) were vacant as at 31 December 2024. Of the 12 vacant resident coordinator positions, 4 had remained unfilled for more than one year, while 11 were covered temporarily by a resident coordinator ad interim while awaiting government clearance or deployment, and there were only 2 positions for which recruitment was pending. During the period 2019–2024, 50 resident coordinators (27 per cent) vacated the position more than one year before the end of their tour of duty. The Board also notes that, notwithstanding varying demands and complexities, all resident coordinator offices adopted a standardized staffing structure, with five Professional posts funded by the special purpose trust fund (*ibid.*, paras. 353–354, 357 and 360).

58. A total of 44 of the 50 United Nations information centres operated by the Department of Global Communications in countries with a resident coordinator were integrated with the resident coordinator system. Resident coordinators in their countries then became the first reporting officers of heads of United Nations information centres and, to the information centre service deputy director, the second reporting officer. In those locations, therefore, the communication function of the resident coordinator office would be undertaken by communication officers who are budgeted in the Department. The Board notes that understanding of the “integration” of United Nations information centres varies between the Development Coordination Office and the Department. There is a lack of a structured, coordinated mechanism to align the priorities and activities of United Nations information centres between the Department and those of the resident coordinator offices, and the dual reporting lines create operational and staff well-being challenges (*ibid.*, paras. 362–363).

59. Upon enquiry, the Advisory Committee was informed by the Board that that disjointed approach caused frustrations, especially given the contrasting focuses: United Nations information centres operate to raise awareness about the work of the United Nations, while resident coordinators are more focused on national development within specific countries. While the Department of Global Communications and the resident coordinator system rolled out generic workplans for heads of United Nations information centres in 2019, in full alignment with the United Nations development system reform, as of 2023, there was no joint workplan and shared understanding on priorities, which hampers effective collaboration at the country and regional levels. Upon enquiry, the Department indicated it was working with the Development Coordination Office to address operational matters in a constructive and solutions-driven manner. Recognizing the need for clearer coordination, the Department and the Office have established a joint working group to develop an administrative framework that clearly outlines roles and responsibilities.

Efficiency road map and inter-agency cooperation

60. In August 2022, the United Nations Sustainable Development Group core group endorsed a revised 2022–2024 efficiency road map, establishing quantified targets, annual benchmarks and an extended 2024 deadline for key initiatives. The Board reviewed the progress of those initiatives in 2024 and notes the following:

(a) Common back office. Only 4 of 50 targeted back offices were established by 2024, achieving \$0.5 million in efficiency gains in 2024, far below the goal of \$76.8 million;

(b) Global shared service. The priority global services were reduced from 42 to 10 in 2024 on the basis of maturity and readiness for global scaling, while only 8 of the 10 services had approved business cases endorsed by the Business Innovation Group;

(c) Common premises. Only 18 of 66 targeted common premises were completed by 2024, with another 40 ongoing projects at various stages of completion, achieving \$3.9 million in efficiency gains in 2024, below the target of \$7.7 million;

(d) Business operation strategies. Owing to a procedural adjustment for reporting on matured services, the realized efficiency gain in 2024 was \$100.5 million, \$4.5 million less than the projected target of \$105 million (*ibid.*, para. 377).

61. The concise summary report of the Board includes a dedicated chapter on the financial and budget performance of 18 entities for the 2024 financial year, with an emphasis placed on the role of inter-agency cooperation as a key driver of enhanced efficiency and cost-effectiveness within the United Nations system. To prepare the summary, the Board emphasized inter-agency cooperation as a way to improve cost-effectiveness. In its resolution [60/1](#), the General Assembly underlined that, “in order to efficiently perform their respective mandates as provided under the Charter, United Nations bodies should develop good cooperation and coordination in the common endeavour of building a more effective United Nations”. The Board also took as a reference the “efficiency agenda” based on Assembly resolutions [71/243](#) from December 2016 and [75/233](#) from December 2020.

62. As a way forward, the Board highlights the following: (a) improving inter-agency cooperation for back office functions and staff mobility could help to foster a culture of efficiency; (b) developing data management would bring a clearer and consolidated vision of inter-agency initiatives, as well as result in actual benefits of inter-agency initiatives; and (c) strengthening reporting to governance bodies on inter-agency collaboration is necessary.

63. The Advisory Committee welcomes the focus of the concise summary report on the role of inter-agency cooperation as a key driver of enhanced efficiency and cost-effectiveness within the United Nations system, which is to be a fundamental pillar of system-wide efficiencies as the Organization progresses in the implementation of the UN80 reform initiatives. The Committee is of the view that consistent and, to the extent possible, standardized reporting on relevant entities in that regard, similar to what is provided for fraud and presumptive fraud cases, would provide useful data and information during the implementation of UN80 reforms and trusts that the Board of Auditors will continue to provide similar information in its future concise summary reports.

64. Upon enquiry, the Advisory Committee was informed by the Board that full interoperability among United Nations entities would require shared standards, processes and technologies (system interoperability) as a first step. It is complex to achieve and would need further investments to enhance existing systems. Some joint

initiatives between agencies demonstrate willingness and results. One quick win, with a likely limited cost, would be on data-sharing: the Secretariat, similar to many organizations and businesses, is moving towards being a data-driven decision-making organization (see the Data Strategy of the Secretary-General for Action by Everyone, Everywhere).

65. The Advisory Committee was also informed by the Board that the function of “integrator” for UNDP had been mentioned in General Assembly resolution [72/279](#) but remained vague. Even if there is no description of the reasons why the integrator function was given to UNDP, which is the only the United Nations agency explicitly cited in the resolution, this decision may be explained by many factors. In particular, UNDP is the main agency dealing with development in the United Nations system; is one of the oldest and most experienced United Nations agencies in the field, with close links with governments, non-profit organizations and the private sector; is present in 170 countries and territories; used to fulfil the role of resident coordinator through its resident representatives before the delinking of those functions; and hosts offices and entities with system-wide mandates and services, such as the Multi-Partner Trust Fund Office, the United Nations Capital Development Fund, United Nations Volunteers and the United Nations Office for South-South Cooperation. In response to the Board’s recommendation, UNDP developed a corporate strategy through the development of the “SDG Push”, a flagship initiative that integrated data innovation, a systems approach and strategic foresight for accelerating achievement of the Sustainable Development Goals. The UNDP vision of its integrator function is therefore to provide other United Nations entities with development tools such as the SDG Push tool. However, the Board notes that the integrator function, which is part of the inter-agency cooperation, still lacks clarity. Among the audited UNDP country offices, understanding of the integrator function is still not completely clear in terms of the role of the provider of integrated tools, mostly digital, or of having a wider approach. In the audits of six country offices conducted by the Board, while the resident coordinators knew about the UNDP integrator role for development, the understanding that they gave was different, and only one of them mentioned the SDG Push tool or similar instruments. Most of the heads of other United Nations agencies (UNICEF, World Food Programme, UNHCR, International Organization for Migration and UNFPA, among others) were aware of the integrator function, but not all of them. The examples that they gave of its implementation concerned mainly joint projects or the coordination of working groups. The SDG Push tool was never mentioned in that respect. UNDP did not set a clear strategy for its integrator function. There is no specific document – instructions, guidelines or standard operating procedures – that exists regarding this function, and the objectives given to representatives, where they exist, may vary significantly owing to the uncertain perception of what this integrator function should be. The lack of clarity regarding this role creates confusion within the United Nations system, which must be resolved in order to strengthen the UNDP role as an integrator, thereby enabling it to better assert this role and allowing other actors to better understand the role played by UNDP.

66. Upon enquiry as to global shared service centres, the Committee was informed that UNOPS had had a Global Shared Service Centre in Bangkok since January 2015, which is a headquarters corporate unit reporting directly to the UNOPS Deputy Executive Director for Management and Policy. The position of head of the Global Shared Service Centre has been reclassified to D-1, effective 2026. The Global Shared Service Centre serves as the UNOPS delivery platform for transactional services in personnel administration, payroll and finance and accounting. UNOPS also manages global shared services in various locations to provide project implementation support, infrastructure design review and information technology support services. The UNDP

Global Shared Service Centre has its main finance hub in Kuala Lumpur, its human resources and payroll hub in Copenhagen and seven regional service centres to provide time zone, language and proximity support to clients in Panama, Amman, Dakar, Istanbul, Türkiye, Bangkok, Addis Ababa and New York. The Global Shared Service Centre is led by a Director (D-1), who reports to the Deputy Director of the Bureau for Management Services under the overall leadership of the Director of the Bureau for Management Services. UNHCR established a Global Shared Service Centre in Budapest in 2008, handling payroll, accounting and reporting. In 2025, UNHCR was to establish a Global Shared Service Centre to improve its delivery of transactional services in human resources, administration and finance, information technology and supply management. UNICEF has had a Global Shared Service Centre since 2015, in Budapest, which provides services in human resources, administration, finance and master data management, payroll and offboarding, customer care, recruitment administration services and travel centralization. The Global Shared Service Centre operates as a distinct entity as one of the divisions within the UNICEF management cone structure, serving as part of the organization's global operational support framework. It is led by a Director at the D-2 level, who reports directly to the Deputy Executive Director, Management, based at UNICEF Headquarters in New York.

Consultants and individual contractors

67. Upon enquiry, the Advisory Committee was informed that individual contractors were very important for UNDP, which is one of the largest organizations that relies on consultants, and that consultant expenditure and management had a significant impact on programme implementation because they were programmatic in nature. In 2023, UNDP engaged consultants in 129 of the 170 countries (76 per cent) where it operates. In 2024, UNDP procured 11,400 individual contractors, which amounted to \$187 million, accounting for approximately 8 per cent of total UNDP procurement expenses. Spending on individual contractors increased by 20 per cent, growing from \$157 million in 2023 to \$187 million in 2024. This is why, in March 2022, UNDP introduced a new individual contractor policy aimed at restricting consultants to lump-sum and deliverable-based engagements. Since then, individual contractors are supposed to be used exclusively for procuring services from an individual "to perform time-bound and non-staff tasks aimed at delivering clear and quantifiable outputs which must be clearly identified in the contract and directly linked to payment", according to this policy. The Board identified several weaknesses: (a) individual contractors are sometimes assigned to roles that should be classified under staff contracts or national personnel services agreements; (b) some individual contractors are initially engaged as temporary stop-gap measures but remain in their roles beyond the permitted three-month limit; (c) some terms of reference are insufficiently specific, leading to unclear expectations for consultants, poor accountability and payment risks. The Board recommends that UNDP provide continuous and regular operational support to procurement and human resources teams in business units in order to improve policy enforcement. The Board believes that the introduction of Quantum in 2023 has improved procurement management, including regarding individual contractors such as consultants, which appears more secure and integrated. The Board recommends enforcement of the proper labelling of individual contractors in Quantum, with internal control mechanisms to improve individual contractor contract monitoring and management.

68. The Advisory Committee was also informed that the individual contractor policy was managed by the procurement office at UNDP headquarters and by purchasers in the field. Accordingly, it is a service contract rather than a human resources contract. (An individual contractor is not considered staff or affiliated

staff.) For UNDP, this involves purchasing a service or intellectual contribution for a limited period in order to produce a specific deliverable. Using an individual contractor therefore gives UNDP the flexibility to gain access to specific expertise on an ad hoc basis through a purchase, rather than recruiting and managing staff. The Secretariat engaged with UNDP to review its use of human resources services for affiliate personnel being provided and offered by UNDP. After a detailed discussion, the Secretariat communicated to UNDP that the human resources engagement with UNDP under the service contractor modality would not be used beyond the end of 2025 and that Secretariat entities would not make the transition to the new partner personnel services agreement modality. UNDP is continuing to negotiate with the Secretariat.

UN-Habitat

69. Upon enquiry, the Advisory Committee was informed that, to diversify funding, in 2021 UN-Habitat cooperated with a private company to establish the Sustainable Cities and Communities Foundation in order to pool donations for investment for the benefit of UN-Habitat. The Board notes that annual contributions from the Foundation were not provided to UN-Habitat, as required; the annual financial statements and audit report were not submitted, as required; the utilization of the remaining per annum yield was not clearly specified in the memorandum of understanding and the contribution agreement; and the Foundation had issued misleading information. The Board indicates that enhanced measures should be taken to safeguard the institutional interests of UN-Habitat and mitigate potential financial and reputational risks (A/80/253, para. 147). Management stated that an independent due diligence assessment of the Foundation would be coordinated with United Nations Headquarters. The Board also reviewed the evaluation practices at UN-Habitat and observed a number of weaknesses, including insufficient planning; lack of coordination between the Evaluation Unit and the regional offices in the disclosure of evaluation reports and management responses; insufficient management responses, hindering follow-up; and insufficient efforts to share knowledge and track evaluation performance. The relevant policy also needed to be further clarified (*ibid.*, para. 148). **The Advisory Committee trusts that UN-Habitat will make efforts to address the concerns highlighted by the Board of Auditors and looks forward to an update in the next report.**

United Nations Office for Project Services

70. The Board notes that, between 2022 and 2024, 12.47 per cent of UNOPS procurement by value (\$608.76 million) was conducted through direct contracting. The Board identified insufficient justification under exception grounds (ii) (no competitive marketplace), (viii) (genuine urgent need) and (x) (Executive Chief Procurement Officer believes that formal bidding would not yield satisfactory results), limited market sourcing and gaps in the overview and tracking of the review processes of the internal Contracts and Property Committees in some cases, raising concern regarding consistency, transparency and compliance with procurement practices. The Board recommends that UNOPS develop a guidance document to further support procurement practitioners and procurement authorities in the practical implementation of exception grounds (ii), (viii) and (x) to ensure a consistent and well-informed approach across UNOPS operations. The Board also recommends that UNOPS improve the overview and tracking of questions raised by the Contracts and Property Committees and answers provided by the submitting unit to ensure that they are duly considered through the ongoing process innovation and digitalization programme within UNOPS. The Board also notes that, while UNOPS had established accountability frameworks that defined roles and responsibilities for project delivery,

its practical enforcement remained limited owing to the absence of effective mechanisms to assign and enforce individual accountability. From 2022 to 2024, no individuals were held accountable for \$49.6 million in write-offs and provisions across 154 projects, many of which were associated with recurring operational challenges (ibid., paras. 194 and 196, and [A/80/5/Add.11](#), paras. 172–173). **The Advisory Committee concurs with the Board of Auditors and trusts that UNOPS will establish procedures to ensure the proper implementation of exception grounds and review of the Contracts and Property Committees.**

71. In addition, a review of all performance targets from a sample of 28 mine action projects implemented by UNOPS between 2022 and 2024 (with a total delivery of \$116.29 million) revealed that approximately 14 per cent of targets were not met owing to factors partially or fully within UNOPS control, highlighting the need for a systematic review of the mine action portfolio to identify lessons learned and support the continuous strengthening of project quality, coordination and performance ([A/80/253](#), para. 195).

72. With respect to the eligibility of \$62.13 million in expenditure for an infrastructure project, the Advisory Committee was informed by the Administration that UNOPS continued to work with the partner concerned to resolve outstanding issues related to that expense. At this stage, it is not possible to determine whether the matter will result in a financial loss for the organization. Therefore, UNOPS has disclosed the expenditure as a contingent liability and engaged an external law firm to assess potential exposure, with a preliminary assessment expected by the end of 2025. UNOPS has taken several measures to strengthen project management and accountability. In 2025, a senior manager was appointed to lead negotiations with the partner on all outstanding items, a high-level steering committee was established in 2024 to support senior-level oversight and the UNOPS Executive Director established a portfolio oversight committee, effective since May 2025. **The Advisory Committee notes with concern the identified deficiencies in project management, which resulted in a contingent liability in the amount of \$62.13 million. The Committee trusts that more information on the contingent liability will be included in future reports and will continue to be duly reported to the UNOPS Executive Board on an ongoing basis. Moreover, while noting the additional steps taken by UNOPS to strengthen oversight of high-stake engagements, the Committee underscores the need for UNOPS to ensure that mechanisms of internal control and for the enforcement of individual accountability are in place and operating in an effective manner.**

United Nations Environment Programme

73. The Board indicates that it is required in the United Nations Environment Programme (UNEP) programme and project management manual that implementing partners be selected through a comparative review of at least three candidates, with written justification if non-competitive methods are used. In the absence of a complete list of solicitation methods, the Board sampled 21 agreements (valued at \$27.46 million) and found that 19 had been awarded non-competitively, with 6 lacking the required justification, 2 without due diligence records and 10 relying on generic rationales without evidence of market research or open solicitation to confirm the absence of alternative providers. Furthermore, UNEP signed three United Nations-to-United Nations agreements with UNOPS between 2022 and 2024, under which \$34.46 million in grants was awarded to UNEP pre-selected implementing partners. However, three partners were not registered in the UNEP partners portal and no supporting documentation was available to confirm that proper competitive selection or due diligence had been performed. The Board recommends that UNEP maintain sufficient documentation for the selection of pre-selected grantees,

undertake a structured review of identified deficiencies in implementing the partner selection process and enhance staff training, with a specific focus on improving documentation, strengthening the justification for non-competitive selections and fostering compliance with established procedures (*ibid.*, para. 138, and [A/80/5/Add.7](#), para. 130). **The Advisory Committee trusts that UNEP will ensure the full implementation of the recommendations of the Board of Auditors.**

Fraud and presumptive fraud

74. Table 9 of the concise summary report shows the cases of fraud or presumptive fraud reported annually by the audited United Nations entities from 2022 to 2024 and the number of cases pending for more than two years. The Board notes that 12 of the 18 entities reported cases of fraud or presumptive fraud in each of the past two years. Of those entities, nine reported an increase in cases of fraud and presumptive fraud in 2024 compared with the previous year. The total number of fraud and presumptive fraud cases increased in recent years, rising from 700 in 2022 to 1,140 in 2024. The Board notes a significant increase in fraud cases at UNHCR, in which cases rose from 28 in 2023 to 54 in 2024, as well as at UNICEF, in which cases increased from 215 to 386, mostly in the category “Misappropriation of assets and misuse of UN resources”. The overall number of fraud cases pending for two years or more increased to 196 compared with 140 in 2023. Most of those related to United Nations peacekeeping operations, with 84 cases pending for two years or more, related to after-service health insurance. The total amount of potential losses due to fraud and presumptive fraud for 2024 was estimated at \$64.8 million, while recoveries amounted to \$0.4 million ([A/80/253](#), paras. 56–57).

75. In relation to humanitarian affairs, the Board notes that, as at 30 April 2025, \$9.75 million in unrecoverable financial losses resulting from fraud cases involving partners of the country-based pooled funds had been written off with the approval of the Controller, of which \$6.06 million (62 per cent) related to projects implemented from 2011 to 2013. The Board also notes that there was a total financial loss of \$12.40 million resulting from fraud cases involving implementing partners of the country-based pooled funds from 2015 to 2024, of which \$3.11 million (25 per cent) had been recovered as at 31 December 2024 by the Office for the Coordination of Humanitarian Affairs, and an unrecoverable loss of \$3.69 million was written off by the Controller in 2025 ([A/80/5 \(Vol. I\)](#), chap. II, para. 413).

76. Upon enquiry, the Advisory Committee was informed that UNOPS was liaising with the Office of Legal Affairs in its efforts to recover the funds associated with the Sustainable Investments in Infrastructure and Innovation initiative and in relation to criminal accountability. The efforts to recover the funds are ongoing and expected to continue beyond 2025. In its first regular session in 2025, the Executive Board approved the allocation of additional funds to continue the recovery efforts until the end of 2027.

77. The Advisory Committee was further informed that, of the 250 cases pending for two years or more, relating to insurance and entitlement, 128 resulted in an unsubstantiated outcome. For UNICEF, the high number of fraud and presumptive fraud cases that have remained open for more than two years is due mainly to structural and operational challenges highlighted in the 2024 annual report of the Office of Internal Audit and Investigations: the sharp increase in the intake of new cases has outpaced closure capacity; investigations are often delayed by difficulties in gaining access to documentation and evidence; and the investigative capacity and timeliness of third parties such as implementing partners or government entities. For United Nations operations as reported in volume I, the number of cases pending for more than two years were 28 and 30, respectively, for 2023 and 2024, remaining

relatively stable. The Administration explained that the investigation of some cases might involve a relatively long timespan and a relatively large number of parties involved.

78. The Advisory Committee was also informed that cooperation between the Office of Programme Planning, Finance and Budget, the Board and the Office of Internal Oversight Services was in process and would be expanded at a later stage to include the Office of Human Resources. The objective is to bring all actors involved in the fraud management chain together to: (a) refine the definitions of fraud and presumptive fraud to clarify which cases should be reported to the Board in the context of its external audit and the preparation of the financial statements; (b) strengthen the reporting process for the write-off schedule and ensure alignment with regulation 6.5 of the Financial Regulations and Rules of the United Nations; and (c) strengthen the Organization's forensic capacity beyond the implementation of conduct and discipline measures after a case has been substantiated, bring to light the root causes of fraudulent acts and identify the internal controls that can be further strengthened to mitigate the risks.

79. The Advisory Committee reiterates the importance of preventing, monitoring and addressing instances of fraud and presumptive fraud, including through accountability measures, where appropriate. The Committee recalls that the General Assembly, in endorsing the Committee's recommendation, requested the Secretary-General to ensure that all cases of fraud and presumptive fraud are reported in a transparent and consistent manner, including through the issuance of comprehensive guidance and reporting mechanisms (see also [A/79/513](#), para. 63). The Committee welcomes the enhanced cooperation between the Board of Auditors and the Secretariat in this regard and trusts that more information on progress achieved will be presented in future reports.

Annex

Financial reports, audited financial statements and reports of the Board of Auditors for the financial period ended 31 December 2024 and related reports considered by the Advisory Committee on Administrative and Budgetary Questions

Reports of the Board of Auditors

1. Concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors for the annual financial period 2024 ([A/80/253](#))
2. United Nations ([A/80/5 \(Vol. I\)](#))
3. International Trade Centre ([A/80/5 \(Vol. III\)](#))
4. United Nations University ([A/80/5 \(Vol. IV\)](#))
5. United Nations Development Programme ([A/80/5/Add.1](#))
6. United Nations Capital Development Fund ([A/80/5/Add.2](#))
7. United Nations Children's Fund ([A/80/5/Add.3](#))
8. United Nations Relief and Works Agency for Palestine Refugees in the Near East ([A/80/5/Add.4](#))
9. United Nations Institute for Training and Research ([A/80/5/Add.5](#))
10. Voluntary funds administered by the United Nations High Commissioner for Refugees ([A/80/5/Add.6](#))
11. Fund of the United Nations Environment Programme ([A/80/5/Add.7](#))
12. United Nations Population Fund ([A/80/5/Add.8](#))
13. United Nations Human Settlements Programme ([A/80/5/Add.9](#))
14. United Nations Office on Drugs and Crime ([A/80/5/Add.10](#))
15. United Nations Office for Project Services ([A/80/5/Add.11](#))
16. United Nations Entity for Gender Equality and the Empowerment of Women ([A/80/5/Add.12](#))
17. International Residual Mechanism for Criminal Tribunals ([A/80/5/Add.15](#))
18. United Nations Joint Staff Pension Fund ([A/80/5/Add.16](#))

Related reports

19. Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2024 on the United Nations ([A/80/353](#))
20. Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the year ended 31 December 2024 ([A/80/353/Add.1](#))