

UNICEF 2020 Financial Report and Audited Financial Statements and Management Response to the Report of the Board of Auditors

Thomas Asare
Comptroller

UNICEF Executive Board – Informal briefing – 25 January 2022

Item 10 – UNICEF financial reports and audited financial statements for the year ended 31 December 2020 and report of the Board of Auditors, and management response

Reference documents: [A/76/5/Add.3](#), [E/ACEF/2022/AB/L.2](#)

2020 UNICEF Financial Performance

HIGHLIGHTS

Revenue

- High overall contributions recorded in 2020. Revenue from voluntary contributions - **\$7.30 billion** (2019: \$6.20 billion).
- **\$1.46 billion** was fully earmarked for COVID-19 response.

Expenses

- Total expenses increased in 2020 to **\$6.40 billion** (2019: \$6.26 billion).
- The key programme expense category direct cash transfers of \$2.26 billion.
- Transfer of programme supplies increased by \$0.16 billion to \$1.15 billion (2019: \$0.98 billion) in response to COVID-19 activities.

Net surplus for the year was **\$1.22 billion** (2019: \$0.19 billion) includes earmarked funds related to multi-year agreements.

(In billions of United States dollars)	Dec 2019	Dec 2020
Revenues		
Voluntary Contributions	6.20	7.30
Other	0.21	0.25
Total revenue	6.41	7.55
Expenses		
Direct cash transfers	2.35	2.26
Transfer of programme supplies	0.98	1.15
Employee Salaries and Entitlements	1.52	1.66
Other programme support expenses	1.41	1.33
Total expenses	6.26	6.40
Gains net	0.04	0.07
Net surplus	0.19	1.22

2020 UNICEF Financial Position

HIGHLIGHTS

ASSETS

- Total Investment increased by \$1.06 billion (\$4.73 to \$5.79) consistent with increase in voluntary contributions from donors.

LIABILITIES

- Reserves for after-service health insurance, separation and other reserves towards meeting these obligations stood at \$0.90 billion (2019: \$0.82 billion).
- The value of the externally managed after-service health insurance investment portfolio was US\$0.61 billion (2019: \$0.54 billion). No new funds were invested in 2020.

NET ASSETS

- Strong** net assets base confirming healthy overall financial position (fund balances and reserves).

Accumulated surplus: Includes earmarked resources related to multi-year agreements, for which related expenditure will be incurred in future years in line with donor agreements.

(In billions of United States dollars)

Dec 2019

Dec 2020

Assets

Cash & Investments	5.52	6.50
Contribution Receivables	3.33	3.69
Other	2.32	2.83
Total assets	11.17	13.02

Liabilities

Funds held on behalf of third parties	1.15	1.42
Employee benefits liabilities	1.63	1.89
Others	0.66	0.81
Total liabilities	3.44	4.12

Net assets

Accumulated surpluses	6.85	7.89
-----------------------	------	------

Internal Control Attestation and Audit Opinion

HIGHLIGHTS

UNICEF issued its first Statement on Internal Controls for all its operations for 2020

- The statement on internal controls is a public accountability document that provides reasonable assurance that UNICEF operated under an effective system of internal control.
- Marks an important milestone towards achieving greater accountability for results.

UNICEF received an unqualified audit opinion for the year ended 31 December 2020

- The financial statements and the report of the Board of Auditors were:
 - Transmitted to the General Assembly in September 2021.
 - Examined by the Advisory Committee on Administrative Budgetary Questions (ACABQ) in October 2021.
 - Considered by the Fifth Committee in December 2021.
- The financial statements and report of the Board of Auditors are being presented to the UNICEF Executive Board at the first regular session of 2022.
- A detailed management response on the report of the United Nations Board of Auditors was provided (Reference document: [E/ICEF/2022/AB/L.2](#))

Summary Status of Board of Auditors' Open Items

Recommendations	2016	2017	2018	2019	2020	Total
Issued by United Nations Board of Auditors	36	36	48	55	22	197
Implemented as per 2020 UNBOA Report	35	35	43	40	-	153
Outstanding as per 2020 UNBOA Report	1*	1*	5*	15	22	44
UNICEF Closure requested	-	1	5	1	11	18
UNICEF Not accepted**	-	-	-	1	1	2
UNICEF Implemented Total	35	36	48	41	11	171
UNICEF Implemented (%)	97%	100%	100%	76%	52%	87%
Outstanding as per UNICEF Status	1	-	-	13	10	24

***Long-standing:** Six (6) of the seven long-standing recommendations are fully implemented with a request for the United Nations Board of Auditors' review for closure. *Reference: 2017/055, 2018/079, 2018/140, 2018/169, 2018/204 and 2018/211.* Only one, 2016/111 is in progress.

Recommendations Not accepted:

1. In 2020 - Evaluate budget formulation process to improve methodology and basis of estimation of post/non-post costs (2020/122). The recommendation is not applicable, as the noted variances could be explained and did not result from a budget formulation process that needs improvement.
2. In 2019 - Classifying long-term components of the ASHI investment as non-current (2019/16). UNICEF ASHI long-term instruments have high turnover. Non-current classification may inaccurately indicate instruments are held to maturity.

2020 Report - Main Recommendations

United Nations Board of Auditors Recommendation

Status

- | | |
|---|---|
| 1. Update policy on revenue recognition covering accounting for joint programmes (2020/025) | Completed |
| 2. Disclose agreements for joint programming where asset recognition criteria have not been met as contingent assets in the financial statements (2020/026) | In Progress
Target : Q2 2022 |
| 3. Develop a solution to track submission of signed agreements and enhance monitoring (2020/027) | Completed |
| 4. Establish timeframe for initiating/finalizing different types of assurance activities to ensure their timely execution (2020/042) | In Progress
Target : Q1 2022 |
| 5. Develop workplan to ensure expenses reported by IPs are promptly reviewed and required financial assurance is completed no later than first quarter of the following year (2020/043) | In Progress
Target : Q1 2022 |
| 6. Identify reasons for delays in the closure of overdue action points triggered from HACT financial assurance activities and take corrective actions (2020/057) | Completed |

2020 Report - Main Recommendations

United Nations Board of Auditors Recommendation

Status

- | | |
|--|---------------------------------|
| 7. Take preventive measures to assure that the high priority action points that are related to IP management are closed within a year of its creation (2020/058) | Completed |
| 8. Develop a methodology for oversight of high priority findings related to HACT and enhance the eTool module (2020/059) | In Progress
Target : Q1 2022 |
| 9. Strengthen forecasting procedure on essential and strategic commodities (2020/082) | In Progress
Target : Q2 2022 |
| 10. Formalize the new emergency procedures that must include regulations for Level1 [emergencies] in order to strengthen the governance of the emergency system, providing a clear orientation on activation steps, criteria for deactivation, responsibilities, accountability and decision-making (2020/093) | Completed |
| 11. Establish a formal repository or list with Level 1 emergencies, in order to facilitate access to those emergencies' information for all the entity levels (2020/094) | In Progress
Target : Q2 2022 |

Thank you.

unicef 