
Thomas Asare
Comptroller

UNICEF Executive Board – 2022 First Regular Session (8-11 February 2022)

Item 10 – UNICEF financial report 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/ICEF/2022/AB/L.2
HIGHLIGHTS

Revenue

- $1.46 billion was fully earmarked for COVID-19 response.

Expenses

- Total expenses (classified by nature of expense) increased in 2020 to $6.40 billion (2019: $6.26 billion).
- The total expense classification by budgetary category is on page 121 of the financial statements (Ref: A/76/5/Add.3) that shows programme related expense as 90.6% including Development Effectiveness.
- MENA, ESA, and WCA Regions accounted for 72% of the Cash Assistance Programme.
- 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.

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(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
Cash Assistance Programme | 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
Net Surplus before Gains & Losses | 0.15 | 1.15
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
• Total liabilities stood at $4.12 billion (2019: $3.44 billion).

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.

<table>
<thead>
<tr>
<th>(In billions of United States dollars)</th>
<th>Dec 2019</th>
<th>Dec 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Investments</td>
<td>5.52</td>
<td>6.50</td>
</tr>
<tr>
<td>Contribution Receivables</td>
<td>3.33</td>
<td>3.69</td>
</tr>
<tr>
<td>Other</td>
<td>2.32</td>
<td>2.83</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>11.17</td>
<td>13.02</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds held on behalf of third parties</td>
<td>1.15</td>
<td>1.42</td>
</tr>
<tr>
<td>Employee benefits liabilities</td>
<td>1.63</td>
<td>1.89</td>
</tr>
<tr>
<td>Others</td>
<td>0.66</td>
<td>0.81</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>3.44</td>
<td>4.12</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>7.73</td>
<td>8.90</td>
</tr>
<tr>
<td>Accumulated surpluses</td>
<td>6.85</td>
<td>7.89</td>
</tr>
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</table>
Internal Control Attestation and Audit Opinion

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)
- Report of the Advisory Committee on Administrative and Budgetary Questions (A/76/554)
- Report of the Secretary-General (A/76/307/Add.1)
## Summary Status of Board of Auditors’ Open Items

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued by United Nations Board of Auditors</td>
<td>36</td>
<td>36</td>
<td>48</td>
<td>55</td>
<td>22</td>
<td>197</td>
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<tr>
<td>Implemented as per 2020 UNBOA Report</td>
<td>35</td>
<td>35</td>
<td>43</td>
<td>40</td>
<td>-</td>
<td>153</td>
</tr>
<tr>
<td>Outstanding as per 2020 UNBOA Report</td>
<td>1*</td>
<td>1*</td>
<td>5*</td>
<td>15</td>
<td>22</td>
<td>44</td>
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<tr>
<td>UNICEF Closure requested</td>
<td></td>
<td></td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>12</td>
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<tr>
<td>UNICEF Not accepted**</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
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<tr>
<td>UNICEF Implemented Total</td>
<td>35</td>
<td>36</td>
<td>48</td>
<td>41</td>
<td>11</td>
<td>171</td>
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<tr>
<td>UNICEF Implemented (%)</td>
<td>97%</td>
<td>100%</td>
<td>100%</td>
<td>76%</td>
<td>52%</td>
<td>87%</td>
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<tr>
<td>Outstanding as per UNICEF Status</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>13</td>
<td>10</td>
<td>24</td>
</tr>
</tbody>
</table>


### 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.
Thank you.