12 January 2023

Dear Mr. Bermúdez,

I write to acknowledge your letter dated 29 November 2022, informing me of the deliberations of the United Nations Panel of External Auditors during its sixty-second regular session hosted by the United Nations Economic Commission for Latin America and the Caribbean on 28 and 29 November 2022 in Santiago, Chile.

I would like to express my gratitude to the Panel for bringing to my attention those matters of concern related to the United Nations system. I would also like to use this opportunity to reiterate my commitment to working jointly with the United Nations oversight bodies for a more efficient and better managed United Nations, as well as to addressing all issues raised by the External Auditors.

Climate Change

Emergency coordinating function to combat climate change

My Administration shares the concern of the Panel of External Auditors that steering and monitoring the global climate change framework is complex and agrees with the challenges that have been highlighted, such as the multiplication of competing reporting frameworks, involvement of multiple United Nations entities and competing priorities in terms of budget, time and expertise. That said, the Secretariat of the United Nations Framework Convention on Climate Change is responsible for the tracking, monitoring and measuring of progress made by Member States and non-State actors in the implementation of their commitments.

A robust reporting framework is critical to tracking and measuring progress towards the Sustainable Development Goals (SDGs), including climate goals and targets and national commitments. The urgency of the climate crisis and the complexity of the global framework for combating climate change require clear prioritization of areas where impact is most likely, sound identification and management of risks, strong coordination, and effective monitoring and evaluation systems and data to assess progress and identify gaps on critical climate goals.

Mr. Jorge Bermúdez
Comptroller General of the Republic of Chile
Chairman of the United Nations Panel
 of External Auditors
New York

My Administration welcomes the Panel's suggestion to adopt a risk-based coordination approach within the United Nations system to achieve a globally consistent risk assessment and build consensus on priorities and processes to enhance the support of the United Nations to Member States for more effective reporting on their efforts to tackle climate change.

Meanwhile, the United Nations system continues to lead on the slow, painstaking, but essential task of achieving the full implementation of international climate agreements and to urge all countries to deliver on their commitments. Along these lines, I am planning to convene a Climate Ambition Summit in September 2023 with the expectation that every leader – from governments, business, cities and regions, civil society and finance – steps up and comes up with new, tangible and credible actions to accelerate the pace of change to combat this crisis.

Sustainability reporting

The sustainability efforts of the United Nations system are implemented following the Strategy for Sustainability Management in the United Nations System 2020-2030. The Strategy was drafted by the Environment Management Group and was endorsed by the United Nations System Chief Executives Board for Coordination (CEB). The Strategy contains ambitious objectives at the system-wide level that are annually tracked via the Greening the Blue report. In addition, the entities within the United Nations development system have been called upon by the 2020 Quadrennial Comprehensive Policy Review (QCPR) to integrate environment and climate in all activities and operations[1]. These objectives and indicators cover both the integration of environmental and social safeguards and standards in programmes, as well as environmental performance indicators, such as greenhouse gas (GHG) emissions, waste, water consumption, percentages of renewables and more. Based on this system-wide Strategy, each individual entity is responsible for setting up its targets and indicators and reporting on achievement via the Greening the Blue report. The indicators and reporting are based on international best practice, such as the GHG Protocol and ISO 14001, where relevant, in a United Nations context. To maintain this system in place, expand it and accelerate results, the United Nations System needs to develop technical collaborations and generate financing streams for improving all operations and programmes, to mainstream sustainability, upgrade the United Nations infrastructures and for energy transition.

Role of Supreme Audit Institutions

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[1] QCPR 2020 (Article 29 (b) Advance the development of a system-wide approach, implement measures and report regularly to their respective governing bodies, through existing reporting and mandates, on their efforts to reduce their climate and environmental footprint; ensure consistency of their operations and programmes with low emissions and climate-resilient development pathways; stressing the urgency of climate action and contribute to the post-2020 global biodiversity framework.)

My Administration welcomes the role of the external audit community in helping the United Nations entities to more effectively address climate change. We appreciate the priority given by the Supreme Audit Institutions to providing assurance on the climate change global framework and conducting audits on national responses to climate change and climate action (SDG13), and interrelated SDG areas, such as biodiversity (SDG15), water (SDG6) and affordable and clean energy (SDG7), among others. The Panel, for example, could provide guidance to United Nations entities in their efforts to support Member States to fulfil their national commitments to address climate change and make progress on climate goals drawing on the results of these independent assessments.

In recent years, the United Nations Secretariat has worked closely with the International Organization of Supreme Audit Institutions (INTOSAI), its member Supreme Audit Institutions, and relevant working groups, such as the Working Group on Environmental Audit (WGEA), to support the efforts of the external audit community to audit the SDGs. We look forward to continuing this cooperation on auditing climate change and interlinked issues, and to deriving lessons and recommendations that could be valuable to enhancing the coordination of the climate change global framework, as well as effective climate change responses at the national levels.

Management Issues

Gender Equality (SDG 5)

The United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP) constitutes the first unified accountability framework to systematically revitalize, capture, monitor and measure performance on mainstreaming gender perspectives into the work of the United Nations system. Created as a response to ECOSOC-agreed conclusions 1997/2, which called upon the United Nations system to mainstream a gender perspective throughout its work, and the CEB-endorsed United Nations System-wide Policy on Gender Equality and the Empowerment of Women in 2006.

Following the creation of UN-Women in 2010, the UN-SWAP framework was developed through inter-agency consultations to operationalize the Policy. UN-SWAP was endorsed by the CEB in April 2012. In response to the request of the United Nations General Assembly in resolution 67/226, the Joint Inspection Unit review (JIU/REP/2019/2) of UN-SWAP 1.0 (2012-2017) found that UN-SWAP has proven to be a catalyst for progress towards gender mainstreaming, an effective framework for tracking system-wide advancement and a system-wide achievement.

UN-SWAP 2.0 (2018-2022) raised the bar for accountability by strengthening existing indicators and anchoring the framework within the 2030 Agenda for Sustainable Development. UN-SWAP 2.0 and the equivalent framework at the United Nations Country Team level, the United Nations Country Team System-wide Action Plan (UNCT-SWAP) Gender Equality Scorecard, have been contextualized to the United Nations reform and the planned move to system-wide reporting on collective results linked to gender-related targets of the SDGs, including SDG 5. The gender dimensions of the United Nations response to the health and development crisis emanating from the COVID-19 pandemic have also been integrated in the accountability frameworks for the period 2020-2022.

Projects and Implementing Partners

The High-level Committee on Management of the CEB, together with its Finance and Budget Network, have facilitated various discussions and working groups related to the management of implementing partners over the past several years, addressing specific issues relevant to the United Nations system, such as common definitions related to fraud and implementing partners, and reporting of fraud and corruption issues to donors. Most recently, in May 2022, the Finance and Budget Network discussed the Note by the Secretary-General on the JIU review of the management of implementing partners in the United Nations system organizations (A/77/317/Add.1) and agreed that relevant JIU recommendations should be included in the workplan of the United Nations Partner Portal group. The Finance and Budget Network further encouraged entities that have not yet joined the Partner Portal group to do so and leverage policies and practices that have already been established with respect to implementing partners, within the framework of their Financial Regulations and Rules. The Finance and Budget Network has planned a follow-up discussion in 2023 to explore more ways to strengthen the use and management of implementing partners to advance our collective goals.

Knowledge management

The Secretariat attaches great importance to effective knowledge management across its various entities and within the broader United Nations system. Recognizing the complexity and diversity of the entities comprising the United Nations common system, the Secretariat is working to achieve greater coherence and consistency through agile, organic and cooperative approaches, such as the integrated policy and guidance framework. This solution comprises the publicly accessible Policy Portal website, managed by the Department of Management Strategy, Policy and Compliance (DMSPC), the internally focused Knowledge Gateway, led by the Department of Operational Support (DOS), and the Peace and Security Policy and Practice Database, overseen by the Department of Peace Operations (DPO). All these platforms are tightly interconnected, resulting in a coherent knowledge management taxonomy, up-to-date content is ensured through a shared network of content managers and an improved experience for users who navigate seamlessly across the platforms.

One part of that framework – the [Knowledge Gateway](#) – increasingly caters to staff members beyond the Secretariat, especially with guidance related to preventing sexual exploitation and abuse, behavioural science, and occupational safety and health, where both the content and the site users originate from across the United Nations system.

The Office of Information and Communications Technology (OICT) has, in the past several decades, put into production several technical tools and platforms for the collaboration and sharing of data and information within and across business units. A number of cloud-based productivity solutions are the most recent examples, which have been praised by business users as easy to use and powerful, with the capability of integrating additional applications and self-service analytical tool(s). It is my Administration's view that, to address the Knowledge Management requirements, these tools can be leveraged, in addition to identifying and implementing strategies that enhance people behaviour and organizational culture changes in the Secretariat and in the other United Nations system organizations.

Development Reform

The United Nations development reform has already demonstrated its added value in a number of instances, such as through enhanced coordination that enabled immediate and long-term United Nations system-wide responses to the COVID-19 pandemic effectively, efficiently and at scale. Accountability and transparency for results have increased through improved United Nations result reports to Member States and new platforms to harness and manage knowledge, information and data. Cooperation Frameworks have become the most important instrument to drive sustainable development, pushing United Nations Country Teams towards strengthened joint planning and programming, beyond sectoral approaches.

Additionally, the new, more impartial Resident Coordinator system has allowed United Nations Country Teams to be much more focused on helping countries convene to mobilize financing, partnerships and expertise to achieve the SDGs. This function has also been effective in channelling expertise (often highly specialized) from non-resident agencies, including Regional Economic and Social Commissions. This has been observed in several evaluations or internal reviews by the UNSDG entities themselves.

Briefings to Member States by the Deputy Secretary-General are organized several times a year to update on the implementation of the United Nations development reform process and to remind Member States about their commitments to the Resident Coordinator system. The Development Coordination Office (DCO) also regularly holds such briefings, as well as bilateral meetings, with representatives of the Permanent Missions in New York, Geneva and Brussels.

Funding remains a challenge to the full implementation of the development reform. To this effect, we are taking all possible measures to ensure increased voluntary contributions to the Special Purpose Trust Fund of the Resident Coordinator system. As part of this effort, DCO in close collaboration with my office, is organizing a high-level round-table meeting to be held at the end of this month, co-convened by the United States and Kenya, to discuss the funding of the Resident Coordinator system. The objective is equally to reinvigorate the conversation on stability and predictability for funding of the Resident Coordinator system in the longer term, as well as to mobilize immediate funding.

Financial issues

Engagement with External Auditors for Review of Draft Guidance prior to implementation of new standards: The International Public Sector Accounting Standards Board (IPSASB) pronouncements and standards are principle-based, designed to be interpreted and adopted as per the entity's operating model. The fact that they have been interpreted differently and inconsistently by the Auditors of the United Nations family has caused some challenges with new auditors coming to overturn the settled and agreed accounting policies and the unqualified audit opinions issued by previous auditors. This has resulted in restatements of financial statements to the frustration of those preparing the statements and confusion of the users of the financial statements. The Task Force on Accounting Standards (TFAS) is therefore keen to work out a mechanism to resolve these concerns and is planning on developing a United Nations system guidance upon the issue of new standards on revenue and transfer expenses (update of IPSAS 23). It will share and request consolidated comments from the United Nations Board of Auditors and from the Technical Group of the Panel of External Auditors, prior to issuing same to minimize differences in interpretation of the IPSAS.

Guidance on Financial Instruments, Leases, Classification of Employee Benefits, Capitalization Thresholds: The TFAS provides an environment that either establishes working groups for issues or supports initiatives which are led by United Nations system individual organizations on these issues. For example, the United Nations Children's Fund (UNICEF) is spearheading an initiative on Financial Instruments and has invited other TFAS organizations to join. It will share the guidance as well as the training on this project.

TFAS organizations shared experiences on leases at the recent annual face-to-face meeting of the Task Force held in October 2022, where the United Nations Secretariat shared its experience on preparations for the implementation of the new IPSAS on leases. Guidance developed by the individual organizations will be shared with all TFAS organizations to disseminate different approaches that may meet differing operational needs. Capitalization thresholds are not mandated by the IPSAS and given the vast differences between the United Nations system organizations in terms of size, complexity and business models, harmonization of such would be imprudent.

The Panel should rest assured that TFAS does its best to ensure cohesion and greater comparability of financial reporting policies and practices across the United Nations system, to aid in more transparent reporting of results.

Pooled Treasury Systems Disclosures: My Administration takes note and will encourage all United Nations system entities to implement the full and detailed disclosure of cash and cash equivalents with regard to pooled treasury investments in their statements of financial position.

Ethical Investment: Through the United Nations Working Group on Common Treasury Services (WGCTS), a sub-group was established in November 2022 to work on this area of responsible investment. This sub-working group has reviewed current approaches employed across the system and facilitated knowledge sharing from the entities that are more advanced in this area. The efforts of this group of practitioners are ongoing, and the Group will avail of the inputs from and consultations with the United Nations Principles for Responsible Investment and the United Nations Global Compact. The Group is also liaising with the United Nations Joint Staff Pension Fund to build on its experience. This collaborative approach is aimed at defining a system-wide responsible investment framework, incorporating Environmental, Social and Governance (ESG) factors in the investment process. The formulation of a common approach to the engagement of external investment managers is also part of the work of the Group.

Regarding tracing mechanisms for the United Nations Secretariat, the Secretariat is currently working on a dashboard which will bring more transparency to cost recovery services. However, there are limits to cost tracing as at some point it becomes more complex and administratively burdensome to service providers. Cost recovery operates out of separate and unique funds which enables separation from assessed funds and to ensure that assessed resources do not subsidize cost recovery activities. For this reason, it is necessary for service providers to maintain a healthy reserve in the fund to ensure business continuity and for any future liabilities.

Digital issues

Enabling the digital transformation of the United Nations while securing its information and assets is among the strategic goals of the Information and Communications Technology offices across the United Nations. In the United Nations Secretariat, the solutions and services in digital transformation platforms are being subscribed and implemented in the hybrid cloud computing environment that consists of public cloud as well as an on-premises enterprise data centre in the United Nations Global Service Centre. This hybrid environment is fully compliant with the ISO 20007 and regulatory standards of cloud usage.

The Digital and Technology Network (DTN) reports to the High-level Committee on Management (HLCM) and is co-chaired by the United Nations Secretariat Chief Information Technology Officer (CITO) and one rotational DTN member organization. The DTN is the principal interagency mechanism within the United Nations system for the promotion of cooperation and collaboration on digital and technology related matters. Its mission is to advance the digitalization of the United Nations system organizations and to align the ICT-related priorities and undertakings of its membership in a manner commensurate with this collective aim. DTN introduced the United Nations system-wide updated minimum cybersecurity standard. This initiative was aimed at strengthening the collective resilience of the United Nations system organizations confronting an increasing number of high-profile incidents, breaches and cyber-attacks. The updated security baseline covers the cybersecurity programme, technical best practices and information security incident management.

In response to the exacerbated cyber threats and IT security risks, the Secretariat has deployed advanced security solutions to significantly improve the level of protection, as well as the ability to respond to such threats. This includes the deployment of the Microsoft E5 Security suite of tools in the form of (a) "Microsoft Office 365 Defender" to protect the email and other collaboration tools to the entire Secretariat; (b) "Microsoft Windows Defender" to more than 45,000 workstations across the Secretariat (deployment across the Secretariat is expected to be completed in 2023); and (c) tools for identity protection and other back-office functionality (to be deployed in 2023). This deployment supplemented interim measures that had been implemented to protect the remote workforce during the early stages of the pandemic.

In addition, an internally developed "threat hunting solution", based largely on open-source tools, has been deployed to over 6,000 hosts to allow proactive monitoring of the environment for sophisticated, targeted cyberattacks; deployment to additional environments is ongoing and expected to continue in 2023.
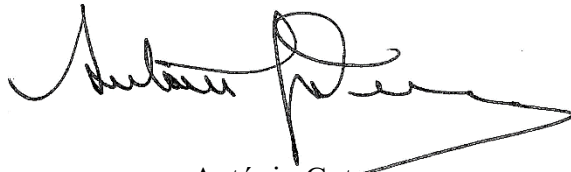
In order to improve the state of cybersecurity across the United Nations Secretariat in a more systematic and sustainable manner, a proposal to strengthen internal capacity in this area and to align the cybersecurity programme of work across the Secretariat has been included in a report on Capital Investment.

With regard to the recognized and systematic frameworks, OICT established a governance framework comprising governance bodies, policies and standards that ensure ICT functions align with, support and enable organizational goals.

Please accept my thanks and appreciation for the ongoing constructive engagement. My Administration looks forward to continuing the fruitful and cooperative relationship with the Panel.

Yours sincerely,

António Guterres