The Board of Auditors has approved 11 audit reports during its seventieth regular session at the United Nations Headquarters, New York, on 26 July 2016.

Due to delays experienced by some UN organisations in the production of their 2015 financial statements, a further 16 reports, including the Concise Summary of the Board’s findings and recommendations (a cross-cutting report), are scheduled to be approved by the Board in September 2016, two months later than usual.

The 11 reports approved by the Board contained a wide-range of findings and recommendations intended to improve the cost-effective delivery of mandates. The Board noted:

- Implementing the Secretariat’s new Enterprise Resource Planning solution (Umoja), across more than 33,000 staff in 400 locations is a significant achievement given the project’s complexity and difficult start. Umoja remains central to the successful reform and modernisation of the administration of the United Nations, and has the potential to generate major benefits for the organisation and member states. While it is common for major ERP implementations to experience problems, the Secretariat is struggling with a significant number of implementation issues. However, it is not feasible to return to using legacy systems and business units and the project team need to work constructively together to solve these issues. The Administration also needs to demonstrate that it can control the growing costs of the project and realise the financial and service delivery
benefits which were promised, in order to present a viable business case which justifies further investment by Member States to deliver the full scope of the project.

- Organisations continue to demonstrate qualitative and quantitative benefits from adopting the International Public Sector Accounting Standards. The organisations have produced IPSAS compliant financial statements on time, and are starting to use the improved data collected under IPSAS to support decision making. Some entities, for example UNRWA and UNFPA, need to improve areas such as the valuation of inventories and establish a mechanism to capture the costs of internally developed software systems to facilitate capitalization of intangible assets.

- Following the adoption of IPSAS, the eight organisations reported on have fully disclosed their employee benefit liabilities. In 2015, the aggregate amount of employee benefit liabilities has decreased by almost five per cent, from $4.49 billion as at 31 December 2014 to $4.27 billion as at 31 December 2015. Also, the Board noted that five entities (UNICEF, UNFPA, UN-Women, UNDP and UNCDF) reported a decreasing trend in After-Service Health Insurance (ASHI) liabilities reported from 2014 to 2015 due to the impact of changing actuarial assumptions, discount rates, inflation rates and health-care costs. The remaining three entities (UNRWA, UNHCR, and UNOPS) saw an increase in ASHI liabilities. The Board highlights that management should continue to monitor closely any increasing liabilities which are funded on a ‘pay as you go’ basis, to ensure they do not strain future resources and affect mandate delivery.

- 2015 saw an increasing trend in earmarked revenue contributions for UNICEF, UNRWA, UNFPA and UN-Women. This could mean that activities are increasingly executed on the basis of specific donor requirements, and as a result, these organisations may have limited flexibility in implementing activities that are more relevant to their mandates.

- There remain challenges in oversight, accountability and governance for globally dispersed operations. As a result there is a need for enhanced control frameworks to manage the risks in diverse fields of operations. For example, UNHCR continues to make good progress in implementing fraud risk assessments, and its new ERP system upgrade, However, several initiatives such as cash based assistance, global fleet management and
biometric registration have not yet had proper evaluations and UNHCR is not obtaining data on the cost effectiveness of its new initiatives.

- Organisations are at different stages implementing Enterprise Risk Management, which the Board views as a fundamental strategic management tool. For example, UNOPS has developed a new risk management model and delivery plan; UN Women is piloting its approach and has developed risk registers but is still in the process of developing modules to facilitate reporting of risk. UNHCR, UNRWA, UNFPA and UNICEF have implemented ERM but challenges remain. For example, UNFPA needs to document its risk assessment process, establish comprehensive risk assessment plans for strategic risks and the risk of fraud. UNFPA also needs to develop long term methodologies, criteria, risk matrices and a timeframe for addressing the established risks. UNHCR has developed strategic and corporate risk registers but these now need to be more closely aligned and used to inform decision making. The registers need to be better utilised by country offices, with good practice being shared more widely.

- The Board identified scope for improvements in the management of programmes and projects in particular in the selection, monitoring and close-out of projects delivered by implementing partners; and the need to deepen the Harmonized Approach to Cash Transfer (HACT) framework reintroduced in 2014 among some United Nations funds and programmes. For UNICEF, the Board has noticed continued weaknesses in the areas of budget and grants management, Harmonised Approach to Cash Transfers, activities of National Committees, programme management and inventory management. The Board has also highlighted for UNICEF to consider the need of an annual integrated budget document for more effective monitoring and control.

- The Capital Master Plan (CMP) for the renovation and modernisation of the New York headquarters campus is in its final phase after nearly 14 years and a $2.3 billion investment. All major procurements actions are finalised, major construction works are complete, residual works are in progress, and the administrative close out of completed contracts continues. There has been significant cost and time overruns over the life of the project, but the Administration should complete the remaining activities within budget by 31 December 2016, with final completion and the administrative close out likely to take place in 2017. The Administration needs to
manage the residual risks around the project and maintain project management disciplines to ensure it is completed smoothly within the current timetable and budget. In particular, the Administration needs to ensure it has credible maintenance plans in place to preserve the full value of the renovated campus, and prioritize efforts to realize the full benefits from member states’ significant investment.

Several other topics are covered in the Board’s individual reports of entities. Further background information on the Board is available on the United Nations Board of Auditors’ website (http://www.un.org/en/auditors/board/index.shtml). The Boards reports covering the financial year ended 31 December 2015 will be available on the website between August and October 2016.

Notes for the press

The Board comprises, Mr. Mussa Juma Assad (Chair), Controller and Auditor-General of the United Republic of Tanzania, Mr. Shashi Kant Sharma, Comptroller and Auditor General of India, Mr. Kay Scheller, President of the German Supreme Audit Institution, who replaced Sir Amyas Morse, Comptroller and Auditor General, United Kingdom of Great Britain and Northern Ireland on 1 July 2016. Each member has a non-consecutive tenure of six years.