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Item 20(a) of the provisional agenda

Administrative, financial and institutional matters

Audited financial statements for the biennium 2010–2011

Report of the United Nations Board of Auditors

Note by the Executive Secretary

Addendum

Comments by the secretariat

Summary

This document should be read in conjunction with the report of the United Nations Board of Auditors (FCCC/SBI/2012/24) and the financial statements for the biennium 2010–2011 (FCCC/SBI/2012/24/Add.2). It has been prepared to provide comments by the secretariat on the audited report and the initial actions taken to implement the recommendations of the Board. The secretariat has started taking concrete action to implement the recommendations. In the “Status of implementation” column, “Implemented” indicates that no further action is required, “Under implementation” indicates that the secretariat has started undertaking the recommended action and “Pending” indicates that no action has yet been undertaken. In all cases, an appropriate note and explanation is provided.

Table 1
Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2011

<i>Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2011</i>	<i>Comments by the secretariat</i>	<i>Status of implementation</i>
<p>Recommendation 1, paragraph 14:</p> <p>The Board recommends that UNFCCC: (a) urgently re-evaluate and revise its international public sector accounting standards (IPSAS) implementation plan; (b) take measures to ensure the preset goals could be achieved according to the timeline; and (c) identify its need for change, and better preparation for the implementation of IPSAS by developing a change plan</p>	<p>The secretariat agrees with the need to expedite the IPSAS implementation process and has taken steps as outlined in the audit recommendation. The secretariat is working closely with both United Nations Headquarters (UNHQ) and the United Nations Office at Geneva (UNOG) to ensure alignment with their implementation progress and will continue to do so</p>	Under implementation
<p>Recommendation 2, paragraphs 15 and 16:</p> <p>The Board recommends that UNFCCC formalize an agreement with the United Nations Treasury for its deposit in the cash pool</p>	<p>The UNFCCC agrees that an investment agreement should be pursued with the United Nations Treasury. It is currently working in consultation with UNOG and the Office of Legal Affairs in New York concerning this recommendation</p>	Under implementation
<p>Recommendation 3, paragraph 22:</p> <p>The Board recommends that UNFCCC conducts the disposal of information and communication technology equipment on a regular basis to maximize the value realized through asset disposals</p>	<p>The UNFCCC agrees with the recommendation and will ensure the disposal of equipment on a recurring basis. It will comply with Rule 105.22 of the United Nations Financial Rules and Regulations to ensure that residual income from disposal exercises is recognized in a timely manner. All of the equipment, which was decommissioned (reached usable life span) in 2011 will be included in the 2012 disposal plan</p>	Under implementation
<p>Recommendation 4, paragraph 26:</p> <p>The Board recommends that UNFCCC: (a) ensure any purchased software is aligned with its information technology (IT) strategy; (b) establish a mechanism to regularly identify and write off the obsolete software to ensure the accuracy of its non-expendable property reflected in the notes to the financial statements</p>	<p>The UNFCCC agrees with the recommendation in principle and will consult with UNHQ on the appropriate methods for handling such software packages. The Headquarters Property Survey Board (HPSB) advisory indicates that software should be treated as expendable property. In view of the inaccessibility of proper guidelines for the handling of software disposals, the UNFCCC will apply appropriate mechanisms to write off all software not in use by year-end 2012, or as directed by UNHQ</p>	Under implementation
<p>Recommendation 5, paragraph 30:</p> <p>The Board recommends to expedite the write-off process and eliminate the discrepancies between the</p>	<p>The UNFCCC agrees with the recommendation. It is acknowledged that there is a discrepancy amounting to USD 747,644, which occurred for acquisitions of IT material between 1994 and 1996. There are no formal records to verify the status of</p>	Under implementation

records in the finance section and the inventory tracking system in the next biennium

this equipment. Based on HPSB advice and in accordance with Rule 106.9, the UNFCCC is currently investigating the case together with United Nations Security. In the case of the lost/stolen equipment (in the amount of USD 18,818), this is already included in the secretariat's write-off plan for 2012. The UNFCCC will present both case reports to the Joint Local Property Survey Board with a formal recommendation to the Executive Secretary to write off the lost/stolen equipment from our records/financial statements

Recommendation 6, paragraph 34:

The Board recommends to widen the geographical distribution of vendors and suppliers, to ensure, to the extent possible, more effective international competition and the best interests of UNFCCC

The UNFCCC agrees with the recommendation in principle and will continue its efforts to widen the geographical scope of its vendors and suppliers. The UNFCCC continues to maintain that it complies with all procurement rules and regulations relating to advertising and soliciting in a global manner, however, due to the nature of its procurements (conference servicing, IT, furniture and office supplies) the organization's ability to attract offers from other regions and from developing countries is limited. However, all attempts will be made to meet the spirit of the recommendation

Under implementation

Recommendation 7, paragraph 36:

The Board recommends that UNFCCC take measures to ensure the generic specifications are used in requisitions in accordance with the requirements of the United Nations Procurement Manual

The UNFCCC agrees in principle with the audit recommendation and believes that to the fullest extent possible, the organization does not solicit equipment/supplies using brand names and it does resort to generic technical specifications. The cases noted by the audit team included vendors who have been previously selected on a competitive basis as long-term agreement contractors. The UNFCCC would maintain that choosing a certain specified product from such a contractor, which has been awarded a systems contract, may then be in the best interest of the organization. In the case of furniture contractors, a vendor's prices for a specific standard are compared against various vendors for similar standard furniture. Once awarded the contract on a competitive basis, specific products/brand names furnished by the contractor may be chosen for consistency with existing UNFCCC furniture standards. Notwithstanding, the UNFCCC will continue to ensure the maximum use of generic technical specifications

Under implementation

<i>Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2011</i>	<i>Comments by the secretariat</i>	<i>Status of implementation</i>
<p>Recommendation 8, paragraph 40:</p> <p>The Board recommends to develop an official guideline on the principles of accepting meeting invitations</p>	<p>The UNFCCC agrees with the recommendation. Its management has started drafting official guidelines, outlining the principles of accepting meeting invitations</p>	Under implementation
<p>Recommendation 9, paragraph 43:</p> <p>The Board recommends to take measures to ensure the mission reports are submitted in a timely manner</p>	<p>The UNFCCC agrees in principle with the recommendation that (a) the criteria will be integrated in the official guidelines in order to promulgate one standard guidelines document, which will take account of all mission-related elements; (b) the UNFCCC will take measures to ensure the timely submission of mission reports with due diligence; (c) management will modify the mission report in order to ensure the reflection and approval of the mission objective in the mission report so that all the information is in the same document. Management has started preparing the official guidelines containing all the relevant elements for travel procedures and mission reports (including a revision of the mission report form)</p>	Under implementation

Table 2

Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2009

<i>Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2009</i>	<i>Comments by the secretariat</i>	<i>Status of implementation</i>
The Board proposed that the Executive Board of the clean development mechanism (CDM Executive Board) establish performance evaluation criteria and conduct performance evaluations	The approved CDM Executive Board Business Plan for the period 2012–2013 elaborates a set of products that it expects to be delivered during the two-year period associated with the plan. The associated CDM – Management Plan (MAP) for 2012 (see Executive Board meeting 66, annex 2) further elaborates a set of projects that have been created to manage the delivery of the products against predetermined timelines that are also detailed in the same document. The individual projects are elaborated, in turn, in a project brief that is accessible through a Microsoft SharePoint site, which allows for the appropriate monitoring of the performance of each of the approved projects. The CDM Executive Board has agreed to adopt a quarterly report that will allow it to monitor expenditure against the delivery of agreed projects and products. The standard set of performance-related reports is now in place (see EB 61, annex 8 as an example). The CDM Executive Board agreed at EB 66, that these existing reports will now be strengthened by the addition of a quarterly report that tracks expenses against secretariat efforts and the various products delivered. The creation and adoption by the CDM Executive Board of a two-year business plan has had a major impact on the ability of the UNFCCC to better prioritize and plan its workload. The outcomes of monitoring will assist in preparing future revisions of both the business plan and MAP	Under implementation