



**Framework Convention on
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Administrative, financial and institutional matters

Audited financial statements for the biennium 2008–2009

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/2010/14) and the financial statements for the biennium 2008–2009 (FCCC/SBI/2010/14/Add.2). It has been prepared to provide comments by the secretariat on the audit 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 as 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 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>
<p>Recommendation 1, paragraph 23: The Board reiterates its previous recommendation that UNFCCC consider formulating and implementing a write-off policy for long outstanding contributions.</p>	<p>As indicated in the audited financial statements (FCCC/SBI/2010/16/Add.2) under note 9, table 14, and in annex 1, some Parties have not remitted their contributions, resulting in an outstanding balance of USD 974,248 for the Convention as at 31 December 2009. A number of Parties have been in arrears for several years, and some since the establishment of the secretariat in 1996. It is for this reason that the United Nations Board of Auditors recommended the recognition of these long outstanding contributions and the formulation of a write-off policy.</p> <p>In line with United Nations practice, contributions represent legal obligations for all Parties and therefore cannot be written off without the agreement of the Conference of the Parties.</p>	<p>The recommendation cannot be implemented under the current practice at United Nations Headquarters (UNHQ) but will be considered during the next biennium in line with the implementation of international public sector accounting standards.</p>
<p>Recommendation 2, paragraph 25: The Board recommends that UNFCCC formalize an agreement with United Nations Treasury for its deposit in the investment pool.</p>	<p>As indicated under note 8 of the audited financial statements, cash balances of the secretariat are administered and invested by UNHQ in an investment pool under a formal agreement between UNFCCC and the United Nations Office at Geneva (UNOG). As at 31 December 2009, the common organizations under UNOG had a balance equivalent of USD 764.31 million, of which USD 143.6 million (18.8%) belonged to UNFCCC.</p> <p>UNFCCC receives regular updates on the balances invested. In the foreseeable future UNFCCC will continue to rely on the investment expertise of UNHQ, which manages the investments in line with the principles of the United Nations, which require that investments shall have the main purpose (in order of priority) of: (a) preservation of capital (minimizing the risk to the principal funds), (b) ensuring the liquidity to meet cash flow requirements, and (c) achieving the highest reasonable rate of return. These are taken from Regulation 4.16 & 4.15, Rule 104.12 (b), of the United Nations Financial Regulations and Rules.</p>	<p>While the UNFCCC (and UNOG) share of the overall investment pool remains small, UNFCCC will not be able to influence the management of the funds. UNFCCC will, however, formalize to the extent possible the flow of information between UNOG and the secretariat to ensure as much information as possible is available, even if only in retrospect.</p>
<p>Recommendation 3, paragraph 27: The Board recommends that UNFCCC intensify its efforts to clear all outstanding advances in a timely manner.</p>	<p>The secretariat agreed with this recommendation and will continue to pursue third parties, mostly Government agencies, to send submissions of financial reports and to account for the advances in a timely manner.</p>	<p>Under implementation</p>

<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>
<p>Recommendation 4, paragraph 39:</p> <p>The Board recommends that UNFCCC comply with the requirement of the Procurement Manual regarding the minimum time of placing of expression of interest (EOI) advertisements.</p>	<p>In all cases requiring formal solicitation, the secretariat currently posts an EOI notice on the UNFCCC, United Nations Global Marketplace and UNOG websites for a period ranging from a minimum of two to a maximum of four calendar weeks, depending on the circumstances of the case, as stipulated in the Procurement Manual. In addition, UNFCCC sends the EOI to known potential suppliers to ensure a sufficient base of vendors to participate in the bidding exercise.</p>	Implemented
<p>Recommendation 5, paragraph 44:</p> <p>The Board recommends that UNFCCC carry out periodic physical verification of all non-expendable property and reconcile the results with the related records.</p>	<p>The secretariat reconciles the physical inventory with the records on an annual basis, and has already presented to the property survey board (PSB) the disposal of obsolete equipment to ensure that the records contain only the active non-expendable property. The write-off of lost or stolen property, or further property that has become obsolete, will be presented to the PSB on an ongoing basis before being removed from the underlying records.</p>	Under implementation
<p>Recommendation 6, paragraph 47:</p> <p>The Board recommends that UNFCCC comply with the requirement of the United Nations administrative instruction (ST/AI/1999/7) relating to the minimum number of consultants and individual contractors candidates to be considered for assignments.</p>	<p>UNFCCC agreed to continue implementing this recommendation and has also initiated the development of a consultants database to ensure more effective management of the recruitment process and the administration of consultants and individual contractors. It is expected that this will be completed sometime in 2011.</p>	Under implementation
<p>Recommendation 7, paragraph 50:</p> <p>The Board recommends that UNFCCC implement a system for monitoring the issuing of consultants' files.</p>	<p>A system has been developed and implemented and files being taken from the filing room are recorded and tracked.</p>	Implemented
<p>Recommendation 8 paragraph 53:</p> <p>The Board recommends that UNFCCC propose that the Executive Board of the Clean Development Mechanism establish performance evaluation criteria and conduct performance evaluations of experts employed to appraise the validity of the new methodologies.</p>	<p>UNFCCC agreed with this recommendation and will propose to the Executive Board to establish performance evaluation criteria and conduct performance evaluations of all experts.</p>	Pending

<p>Recommendation 9, paragraph 55:</p> <p>The Board recommends that UNFCCC share the information of experts among units/teams (within the Sustainable Development Mechanisms (SDM) programme).</p>	<p>UNFCCC agreed with this recommendation. Restructuring of the SDM programme and related work in 2010, among other things, provided for enhanced communication between units and enhanced clarity regarding location, ownership and modes of sharing of information, including information on expert resources.</p>	<p>Fully implemented, in the context of the SDM restructuring</p>
<p>Recommendation 10, paragraph 58:</p> <p>The Board recommends that UNFCCC develop a plan to increase the number of the UN official languages used on its website.</p>	<p>UNFCCC agreed with the recommendation. UNFCCC has a partially multilingual website that includes all official documents in Arabic, Chinese, English, French, Russian and Spanish, and web content in English, and some translated content in Spanish and French. In the past the secretariat has requested funding for the translation of web content through supplementary sources provided by the Governments of France and Spain. The continuation of the production of web content in French, Spanish or other United Nations official languages is dependent on continuing or new voluntary contributions from Parties for this purpose.</p>	<p>The recommendation will be implemented subject to the provision of adequate funding from Parties.</p>

Table 2

Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2007^a

<i>Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2007</i>	<i>Comments by the secretariat</i>	<i>Status of Implementation</i>
<p>Recommendation 2 (2006–2007):</p> <p>The Board recommends that UNFCCC: (a) review and determine the validity of travel obligations; and (b) establish a policy for the liquidation of obligations.</p>	<p>The liquidation of travel obligations is often dependent on the timeliness of response from the United Nations Development Programme (UNDP), with whom UNFCCC collaborates on workshops and meetings in various locations around the world. UNDP has recently cleared the long outstanding items. The secretariat has intensified its efforts to ensure speedy clearing of the long outstanding travel claims, and is currently working to establish a policy for the liquidation of travel obligations; a framework for the policy is currently available.</p>	<p>Part (a) of the recommendation has been implemented.</p> <p>Part (b) is under implementation.</p>
<p>Recommendation 3 (2006–2007):</p> <p>The Board recommends that UNFCCC pursue its efforts to obtain full payment of indicative contributions from all Parties.</p>	<p>The secretariat regards this recommendation as fully implemented in view of its regular efforts, including issuing two reports per year on the status of contributions and specific reminders to Parties in arrears. In spite of the number of Parties that are in arrears, unpaid contributions amounted to only 3.5 per cent of total indicative contributions at the end of the biennium 2008–2009, which was an improvement on the previous biennium, when it was 3.9 per cent.</p>	<p>Implemented</p>
<p>Recommendation 6 (2006–2007):</p> <p>The Board recommends that UNFCCC determine the details pertaining to each piece of information and communication technology (ICT) equipment to facilitate the reconciliation of the physical inventory against property records.</p>	<p>A comprehensive physical inventory exercise was undertaken in early 2008 and a full reconciliation of the ICT equipment done to clear the differences in the system. A further check and verification was undertaken in 2009 and again in 2010 while preparing for the presentation to the property survey board. The property survey board granted approval to dispose of obsolete ICT equipment in line with the existing United Nations policies and practices and the disposal was undertaken.</p>	<p>Implemented</p>
<p>Recommendation 7 (2006–2007):</p> <p>The Board recommends that UNFCCC consider all the necessary components in the final version of its international public sector accounting standards (IPSAS) implementation plan.</p>	<p>The secretariat is currently in the process of updating the IPSAS implementation plan to take account of the new target date of 2014. Full implementation of IPSAS is dependent on the installation of the new enterprise resource planning system by United Nations Headquarters which will replace the system currently used by UNFCCC.</p>	<p>Under implementation</p>
<p>Recommendation 8 (2006–2007):</p> <p>The Board recommends that UNFCCC ensure that all vendors are duly registered prior to entering into contract with them.</p>	<p>The secretariat has developed a centralized register of vendors and requires that all vendors are registered and evaluated prior to any contract award. Any new suppliers are requested to submit the completed registration form and company profile as part of the bidding documents. Contracts are not awarded to vendors that are not registered in the centralized register.</p>	<p>Under implementation</p>

<i>Recommendations of the United Nations Board of Auditors for the biennium ended 31 December 2007</i>	<i>Comments by the secretariat</i>	<i>Status of Implementation</i>
<p>Recommendation 11 (2006–2007):</p> <p>The Board recommends that UNFCCC indicate in the terms of reference for the hiring of consultants definite and realistic performance indicators to: (a) establish greater competitiveness of the selection process through a comprehensive central roster of consultants; and (b) monitor effectively the work of the consultants.</p>	<p>The secretariat will continue working on instituting measures to strengthen the current system for reviewing and monitoring consultants as recommended.</p>	<p>Under implementation</p>
<p>Recommendation 12 (2006–2007):</p> <p>The Board recommends that UNFCCC pursue an information technology plan that would be in accordance with the Control Objectives for Information and related Technology (COBIT) standards.</p>	<p>Responsibilities for information and communication technology (ICT), which have been shared between the Information Services programme, responsible for ICT infrastructure and systems support, and certain programmes (such as Sustainable Development Mechanisms for the Clean Development Mechanism subprogramme and Records and Data Analysis for the International Transaction Log subprogramme) that initiate and undertake information systems development based on mandates from Parties, have now been brought under one umbrella programme, Information Technology Support, effective 1 July 2010. An overall ICT plan has been developed under the new programme, which is undertaking the technical coordination and has also drafted a secretariat-wide plan and an IT governance road map that forms the mandate of the new programme. The planning and implementation of a COBIT-based information technology operations and systems service is now in place.</p>	<p>Implemented</p>

^a This report should be read in conjunction with the annex to the Report of the United Nations Board of Auditors (FCCC/SBI/2010/14).