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## **Subsidiary Body for Implementation**

### **Fifty-ninth session**

United Arab Emirates, 30 November to 6 December 2023

Item 20 of the provisional agenda

**Administrative, financial and institutional matters**

## **Financial report and audited financial statements for 2022 and report of the United Nations Board of Auditors**

**Note by the secretariat**

**Addendum**

**Comments by the secretariat**

### *Summary*

The report of the United Nations Board of Auditors for 2022 (FCCC/SBI/2023/INF.9) includes recommendations relating to the financial audit of the UNFCCC. This addendum, which should be read in conjunction with that report, has been prepared to provide the secretariat's comments on those recommendations and to specify the initial actions taken to implement them. In the "status of implementation" column of the six tables that comprise this document, "under implementation" indicates that the secretariat has started undertaking the recommended action.



## Abbreviations and acronyms

Board	United Nations Board of Auditors
COP	Conference of the Parties
ERM	enterprise risk management
ICT	Information and Communication Technology
PP&E	property, plants and equipment
SIC	statement on internal control
SOP	standard operating procedure

Table 1

**Recommendations of the United Nations Board of Auditors for the year ended 31 December 2022**

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 1, paragraph 60		
The Board recommends that the UNFCCC secretariat formalize a suitable quality assurance process on the financial statements, notes and financial report.	The secretariat accepts the recommendation and will use a formal quality assurance checklist for future submissions of financial statements.	Not started yet
Recommendation 2, paragraph 66		
The Board recommends the UNFCCC secretariat to focus the information in the financial statements notes to its own assets and financial performance on investments.	The secretariat accepts the recommendation but notes that full implementation of the recommendation depends on the availability of information that is provided by United Nations Headquarters.	Not started yet
Recommendation 3, paragraph 116		
The Board recommends that the UNFCCC secretariat define and implement a due diligence process to clear all types of financial and non-financial contributions, commitments and partnerships with non-Parties stakeholders.	The secretariat accepts the recommendation.	Under implementation
Recommendation 4, paragraph 132		
The Board recommends that the UNFCCC secretariat systematically request to include provisions in Conference of Parties' host country agreements stipulating that its opinion would be sought on the sponsoring partnerships.	The secretariat accepts the recommendation but notes that it cannot impose any provisions on COP host countries.	Under implementation
Recommendation 5, paragraph 150		
The Board recommends that the UNFCCC secretariat secure without delay its sub-delegation of authority framework.	The secretariat accepts the recommendation.	Under implementation
Recommendation 6, paragraph 163		
The Board recommends that the UNFCCC secretariat identify, assess and mitigate in a systemic manner critical risks of a strategic nature, including those concerning financial resources, partnerships and the legal environment.	The secretariat accepts the recommendation.	Under implementation

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 7, paragraph 193	The secretariat accepts the recommendation.	Under implementation
The Board recommends that the UNFCCC secretariat define and implement mitigation measures to better address cybersecurity risks.		
Recommendation 8, paragraph 204	The secretariat accepts the recommendation.	Not started yet
The Board recommends that the UNFCCC secretariat enhance its oversight on risks linked to the evolving role of regional collaboration centers.		
Recommendation 9, paragraph 224	The secretariat accepts the recommendation.	Under implementation
The Board recommends that the UNFCCC secretariat better prevent the risks of fraud, corruption and misconduct by enhancing and updating detection and treatment systems.		
Recommendation 10, paragraph 244	The secretariat accepts the recommendation.	Under implementation
The Board recommends that the UNFCCC secretariat adopt its own risk management policy with the objectives of reinforcing the global oversight on risks and better articulating it with the wider accountability framework.		
Recommendation 11, paragraph 264	<p>The secretariat accepts the recommendation, stating that it will issue a SOP outlining the processes for:</p> <ul style="list-style-type: none"> <li>- Assigning roles in Umoja;</li> <li>- Addressing segregation of duty violations;</li> <li>- Removing access to Umoja and/or deprovisioning roles upon a staff member's separation from or movement within the secretariat.</li> </ul> <p>An annex to the SOP will contain a list of standard roles associated with specific posts (Finance Officer, Travel Assistant, etc.). These role associations will be used as a point of reference only and may be modified depending on the actual duties called for by the position.</p>	Under implementation

<sup>a</sup> Reproduced as received from the Board.

Table 2

**Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2021**

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 1, paragraph 24		
The Board recommends that UNFCCC formalize alternative kinds of inventories such as permanent inventory of PP&E as alternatives to annual inventory.	The secretariat has initiated implementation of a configuration management database in ServiceNow that will facilitate updates to the permanent inventory.	Under implementation
Recommendation 2, paragraph 28		
The Board recommends that UNFCCC enhance the quality assurance for drafting the financial statements and the financial report.	The secretariat will take action to implement the recommendation.	Not started yet
Recommendation 5, paragraph 40		
The Board recommends that UNFCCC reconsider introducing a SIC based on the SIC signed by the Secretary-General in 2021.	The secretariat has not yet started to implement the recommendation owing to human resource constraints, but will do so once a critical post has been filled.	Not started yet
Recommendation 7, paragraph 65		
The Board recommends that UNFCCC have a catalogue of all rules, including those rules to which applicable rules refer, irrespective of whether they are UNFCCC's own rules or United Nations rules. This catalogue would need to be maintained on a regular basis.	The secretariat issued a policy compendium as an accessible source of all UNFCCC policies. The content of the compendium will be maintained by the Legal Affairs division as the custodian of the administrative issuances that apply to the UNFCCC.	Under implementation
Recommendation 9, paragraph 69		
In addition, the Board recommends that UNFCCC eliminate all shortcomings in UNFCCC policies that were identified in the policy review as soon as possible.	The secretariat established a process for reviewing all UNFCCC policies in which shortcomings were identified and has started drafting, approving and issuing new administrative instructions.	Under implementation
Recommendation 11, paragraph 90		
The Board also recommends that UNFCCC, in case UNFCCC may deviate from the United Nations administrative instruction ST/AI/286, revise the administrative instruction in order to comply with 15/CP.1.	The secretariat received legal assurance that administrative instruction ST/AI/286 is not applicable to the UNFCCC and that it can issue its own administrative instruction on the matter.	Under implementation
Recommendation 13, paragraph 98		
The Board further recommends that UNFCCC should bring important changes to UNFCCC administrative issuances to	Important changes to UNFCCC administrative issuances will be summarized in a yet to be identified format and brought to the attention of the COP from COP 28 onward.	Under implementation

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
the attention of the COP as the governing body of the UNFCCC.		
Recommendation 15, paragraph 116		
The Board recommends that UNFCCC publish summary information about donations from non-Party stakeholders and members of the public at large on its website.	The secretariat does not directly receive any individual contributions from crowdfunding; instead, it receives grants through the United Nations Foundation that are channelled via the United Nations Fund for International Partnerships against approved project documents. As per current practice, the secretariat will publish on the UNFCCC website the name of the donor to the Trust Fund for Supplementary Activities.	Under implementation

<sup>a</sup> Reproduced as received from the Board.

Table 3

**Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2020**

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 3, paragraph 51		
The Board recommends that UNFCCC describe the annual process and management of cost recovery in a procedural guideline approved by the Executive Secretary. This guideline should include potential measures in case of excessive surpluses or deficits from the cost recovery scheme.	In progress	Under implementation
Recommendation 4, paragraph 61		
The Board recommends that UNFCCC describe the annual process and management of programme support costs in a procedural guideline approved by the Executive Secretary. Based on further analysis of prior years – the guideline should include potential measures in case of excessive surpluses or deficits from programme support costs and incorporate them into the procedural guideline.	In progress	Under implementation
Recommendation 6, paragraph 81		
The Board recommends that UNFCCC comply with the Procurement Manual in further low value acquisition processes.	It has been clarified that there is no provision in the institutional arrangements between the United Nations Secretariat and the UNFCCC secretariat that would imply any authority on the part of the United Nations Secretariat Office of Information and Communications Technology over the UNFCCC secretariat's ICT subdivision, its set-up or operations. The draft new UNFCCC procurement policy	Under implementation

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
	and related SOPs thus stipulate clearance of UNFCCC information and communication technology requirements by the secretariat's ICT subdivision.	

<sup>a</sup> Reproduced as received from the Board.

Table 4

**Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2019**

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 12, paragraph 145		
The Board recommends that UNFCCC ensure that the intended results of the restructuring such as efficiency gains and “being fit for purpose” are measured, tracked and evaluated.	The secretariat has tracked main indicators of its efficiency and fit-for-purposeness following its structural reform and intends to complete its evaluation with data for the 2022–2023 biennium by the end of 2023.	Under implementation
Recommendation 15, paragraph 188		
The Board recommends that UNFCCC address the risks it is exposed to through an up-to-date ERM that includes owners and due dates and a documentation.	Work on ERM is progressing as part of the workplan of the secretariat's Organizational Development and Oversight unit and will gain momentum in the second half of 2023.	Under implementation

<sup>a</sup> Reproduced as received from the Board.

Table 5

**Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2018**

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 3, paragraph 55		
The Board recommends that UNFCCC assess the possibilities of investment approaches within the cash pool for the reserves set aside to cover for the after-service health insurance liabilities, in consultation with United Nations Treasury.	The secretariat's assessment of possible investment approaches both within and outside the cash pool in consultation with the United Nations Treasury will inform future investment decisions.	Under implementation

<sup>a</sup> Reproduced as received from the Board.

Table 6  
**Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2017**

<i>Recommendation<sup>a</sup></i>	<i>Comments of the secretariat as at 6 July 2023</i>	<i>Status of implementation as at 1 September 2023</i>
Recommendation 5, paragraph 117		
The Board recommends that UNFCCC expedite the revision process of its procurement policy and procedures in order to provide an up-to-date basis for its procurement activities.	The secretariat expedited the revision of its procurement policy and SOPs in the context of the policy review that was initiated in 2022. Updates, including important legal clarifications, were made as part of a broad in-house review process.	Under implementation

<sup>a</sup> Reproduced as received from the Board.