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Item 21 of the provisional agenda

Administrative, financial and institutional matters

Financial report and audited financial statements for 2024 and report of the United Nations Board of Auditors

Note by the secretariat

Addendum

Management response by the secretariat

Summary

The report of the United Nations Board of Auditors for 2024 (FCCC/SBI/2025/INF.10) includes recommendations relating to the financial and performance audit of the UNFCCC. This addendum, which should be read with that report, provides the secretariat's comments on those recommendations and specifies the initial actions taken to implement them. This addendum also contains information on the status of implementation of all open recommendations relating to previous Board of Auditors reports.



Abbreviations and acronyms

CBD	Convention on Biological Diversity
IPSAS	International Public Sector Accounting Standards
NAP	national adaptation plan
RCC	regional collaboration centre
UNCCD	United Nations Convention to Combat Desertification
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNEP	United Nations Environment Programme

Table 1

Recommendations of the United Nations Board of Auditors for the year ended 31 December 2024

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2025</i>	<i>Status of implementation as at 1 October 2025</i>
Recommendation 1, paragraph 46		
The Board recommends that the UNFCCC secretariat carry out a detailed analysis of its grants accounting structure to determine whether revenue recognition should be adjusted, either through modification of the automated revenue recognition parameters or through manual adjustments, in order to ensure full compliance with IPSAS 23 and avoid material cut-off misstatements in future reporting periods.	The secretariat reviewed the methodology for revenue recognition under IPSAS 23 employed by the United Nations headquarters. The secretariat will implement the recommendation by 31 December 2025, incorporating all expenditures from the year, in full compliance with IPSAS 23.	Under implementation
Recommendation 2, paragraph 62		
The Board recommends that the UNFCCC secretariat clarify the leadership role of the Climate Finance subdivision and formalize the coordination between this subdivision and other relevant entities.	The terms of reference for a Climate Finance Coordinator within the Climate Finance subdivision have been developed. The Climate Finance Coordinator will support efforts to formalize the coordination between this subdivision and other relevant entities, led by the Climate Finance subdivision Manager and the Director of the Means of Implementation division, with the recruitment process for the Manager nearing completion. Once the Manager and the Coordinator assume their functions, modalities formalizing the coordination of this subdivision with other relevant entities will be developed and communicated.	Under implementation
Recommendation 3, paragraph 75		
The Board recommends that the UNFCCC secretariat enhance communication regarding the reports produced by the Standing Committee on Finance: disseminating the reports to climate finance stakeholders, presenting them at meetings not organized by the UNFCCC (United Nations General Assembly, annual meetings of multilateral development banks, etc.).	The secretariat has supported the Standing Committee on Finance in enhancing its efforts to reach new target audiences (e.g. by its members attending events such as NAP Expos and meetings of the Food and Agriculture for Sustainable Transformation partnership of the Food and Agriculture Organization of the United Nations). More such outreach efforts, to be undertaken in collaboration with the secretariat's Communications and Engagement division, are planned for the United Nations Climate Change Conference in Belém.	Under implementation
Recommendation 4, paragraph 82		
The Board recommends that the UNFCCC secretariat: i) explore alternative contractual arrangements for cooperation with think tanks active in the field of climate finance; ii) specify in those arrangements the information the think tank will share with the UNFCCC, especially regarding data and the uses to which the UNFCCC secretariat can put this data.	The secretariat has not yet explored alternative contractual arrangements for cooperation with think tanks active in the field of climate finance, but will explore appropriate contractual agreements as the need arises.	Not started

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2025</i>	<i>Status of implementation as at 1 October 2025</i>
Recommendation 5, paragraph 87		
The Board recommends that the UNFCCC secretariat's policy on consultants and individual contractors, currently under development, include specific provisions on: (i) the prevention of conflicts of interest, in particular for the hiring of individuals who are likely to represent Parties in negotiations that are directly related to the delivery of services by the consultants and individual contractors, and (ii) the re-employment of consultants and individual contractors as a staff member.	The secretariat currently requires all prospective consultants and individual contractors to declare whether they have other contractual obligations. If they do, they must specify the employer's name, the scope of the assignment and the contract period. Following the recommendation of the Board of Auditors, the disclosure process will be expanded to include additional safeguards designed to prevent conflicts of interest.	Under implementation
Recommendation 6, paragraph 115		
The Board recommends that the UNFCCC secretariat incorporate indicators on the outcome of the Needs-based Finance project to assess its impact on the role of the secretariat as a catalyst for climate finance.	A new approach to the Needs-based Finance project is in the final stage of development, taking into account lessons learned and best practices for monitoring, evaluation and learning pertaining to problem analysis, theory of change and the monitoring and evaluation framework.	Under implementation
Recommendation 7, paragraph 120		
The Board recommends that the UNFCCC secretariat improve the communication towards negotiators on the role of the RCCs regarding delivery of support on climate finance.	A new approach to better communicate on the role of the RCCs regarding the delivery of support on climate finance is being developed.	Under implementation
Recommendation 8, paragraph 127		
The Board recommends that the UNFCCC secretariat in a whole of agency solution seeking approach and where it adds value sign and/or update legal arrangements with United Nations agencies, funds and programmes – in particular with UNDP (and UNCDF), UNEP, UNCCD, CBD, UNDRR, etc. – to maximize the secretariat's capacity to act as a catalyst.	The secretariat's existing framework agreements cover nearly all of its major collaborative activities with other United Nations agencies, including those related to climate finance and nationally determined contributions. The secretariat will continue to liaise closely with other United Nations agencies to maximize synergies towards achieving the Sustainable Development Goals and enhance its role as a catalyst for climate action within the United Nations system. Further, when the need for collaborative activities arises, it will work closely with relevant United Nations agencies to enter into or update legal arrangements as appropriate.	Under implementation
Recommendation 9, paragraph 142		
The Board recommends that the UNFCCC secretariat conduct and formalize a lesson learnt exercise on procurement processes, taking in consideration the lens of the role and responsibilities of the Procurement Authority, the requisitioners, and management, to ensure the consistency and the efficiency of the procurement processes.	A detailed internal review of the secretariat's procurement processes has started. A paper on lessons learned is being finalized.	Under implementation

^a Reproduced as received from the Board.

Table 2

Recommendations of the United Nations Board of Auditors for the year ended 31 December 2023

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2025</i>	<i>Status of implementation as at 1 October 2025</i>
Recommendation 3, paragraph 99		
The Board recommends that the UNFCCC secretariat present to the Conference of Parties and implement a strategy to improve the quality and coherence of its reporting on budget management and performance.	The secretariat is reviewing the content of its reports on budget management and performance.	Under implementation
Recommendation 7, paragraph 202		
The Board recommends that the UNFCCC secretariat present to the Parties a strategy to increase significantly its efficiency and effectiveness in the next three years, and report yearly on the results reached.	Efforts are under way to prepare a document on increasing efficiency and effectiveness within the secretariat in the next three years. The document is expected to be published in 2026.	Under implementation
^a Reproduced as received from the Board.		

Table 3

Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2022

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2025</i>	<i>Status of implementation as at 1 October 2025</i>
Recommendation 9, paragraph 224		
The Board recommends that the UNFCCC secretariat better prevent the risks of fraud, corruption and misconduct by enhancing and updating detection and treatment systems.	The secretariat reviewed the detection and treatment systems in place for preventing risks of fraud, corruption and misconduct while developing its statement of internal controls. Enhanced and updated detection and treatment systems are expected to be in place in 2026.	Under implementation
^a Reproduced as received from the Board.		

Table 4

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

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2025</i>	<i>Status of implementation as at 1 October 2025</i>
Recommendation 9, paragraph 69		
The Board recommends that UNFCCC eliminate all shortcomings in UNFCCC policies that were identified in the policy review as soon as possible.	Updates to the UNFCCC policies identified in the policy review are at various stages of completion, with the secretariat aiming to have finalized this task in full by the end of 2026.	Under implementation
^a Reproduced as received from the Board.		

Table 5

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

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2025</i>	<i>Status of implementation as at 1 October 2025</i>
Recommendation 6, paragraph 81		
The Board recommends that UNFCCC comply with the Procurement Manual in further low-value acquisition processes.	The secretariat confirms that the UNFCCC procurement policy aligns with the Procurement Manual. Changes to the delegation of authority of the UNFCCC Executive Secretary, which are expected to address, inter alia, procurement matters, are under discussion with the United Nations Secretariat. The secretariat aims to finalize those discussions in 2026.	Under implementation

^a Reproduced as received from the Board.