



UNITED NATIONS  
BOARD OF AUDITORS

Cour des comptes  
FRANCE



# INTERNATIONAL AUDIT CONGRESS

## NEW AUDIT FOCUSES FOR INTERNATIONAL EXTERNAL AUDITS



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# OVERVIEW OF THE FRENCH PORTFOLIO

## UN Secretariat

- Policy and compliance (DMSPC), Operational support (DOS DPO), Procurement Division (PD)
- UN Office at Geneva (UNOG), Strategic Heritage Plan, Human rights (OHCHR)

## UN Peace Keeping Operations

- PKO HQ and support account, UNLB, RSCE,
- UNMISS, MINUSMA, MONUSCO

## Funds and Programs, other entities and reports

- UNHCR
- UNDP, UNDP-GEF, UNCDF
- Climate and desertification (UNFCCC, UNCCD)



- 1- ERPs (Enterprise Resource Planning tools)**
- 2 - SDGs (Sustainable Development Goals)**
- 3 - Common audit themes in different entities**
- 4 - New audit approaches on entity core missions**
- 5 – Country office audits**

**Appendix: Main findings in our 2023-2024 audits**



## 1 – ERPs (*Enterprise Resource Planning tools*)

- Not a “new” audit focus, but a focus of increasing importance
- Relevant for financial and for performance audits
- Examples for financial audits:
  - UNDP: following implementation of the new ERP Quantum, **anomalies such as outstanding transactions were identified and reduced to an insignificant level** through the implementation of additional monitoring controls
  - UNHCR: UNHCR implemented a new Cloud ERP system to enable integrations and automations. By April 2024, these were not yet fully finalized. The ongoing stabilization phase led to a **higher proportion of estimates and manual adjustments** in the 2023 financial statements compared to the previous year and **significant delays** in the receipting and processing of implementing partners' financial reports in 2023
- Need to see how the ERPs impact the management of the entities and their performance



## 2 – SDGs (Sustainable Development Goals)

- Framework for all UN entities and priority of the UN Secretariat
- May be chosen as scope of specific audits
- **Climate action (SDG 13)**
  - **UNDP (2023-24 audit):** UNDP is a **major global stakeholder** and in the drive towards climate change but
    - **Alignment on climate action** between corporate and country-based strategies as well as priorities set in the projects is not always clear
    - **Measuring results on development proves particularly difficult in the case of climate-related actions, which are cross-cutting**
    - UNDP aims at tracking, measuring and reducing its carbon footprint through its “Greening Moonshot” initiative. However, **carbon footprint of design and implementation of projects is not captured**
- **Other SDGs:** SDG16 Governance (UNDP 2022-23 audit), SDG1 No poverty...



### **3 – Common audit themes in different entities**

- **Auditing the same theme in different entities**
- **Gives data for comparisons, benchmarking and analysis of different approaches**
- **Inter-agency cooperation (PKO, UNHCR, UNDP – 2024-25 audit)**
  - **UNDP:** ex-Resident Coordinator on the field; integrator role for development; specific role in common services
  - **UNHCR:** leader on refugee issues and one amongst other UN agencies in other fields
  - **PKO:** size and resources in the countries of presence
- **Other examples : Crisis management, UNDP, UNHCR – 2024-25 audit, or Resource mobilization,** issue for most of the entities, but different difficulties (PKO: unpaid contributions, UNDP: decrease in core resources...), different strategies, potential interagency competition



## ***4 – New audit approaches on entity core missions***

- **Trying to audit the management of some of the core missions of the entity from a different, new and sometime original angle**
- **Difficult, but may provide new and useful elements**
- **Management of large camps (UNHCR – 2024-25 audit)**
  - The classification of “large camp” does not exist in UNHCR
  - The scope was new for an audit (and wide...)
  - Some of our observations:
- Ensuring up-to-date **knowledge of the situation in these large camps remains challenging**. Donors, host countries and beneficiaries are not aware of the costs of camps compared to other solutions.
- Long lasting camps and protracted situations raise the issue of **exit solutions**
- Registration procedures remain fragile and **vulnerable to fraud risks**, resulting in unequal effectiveness.
- Specific needs of large camps are not specifically isolated in the budget development process and make comparison between the cost per refugee in camps and outside camps challenging
- Among activities related to the protection mandate, **protection against gender-based violence** in all its components is unequally and sometimes insufficiently dealt with



## **5 – Country Office audits**

- **Crucial for the audit of decentralized organizations with wide reach such as UNDP or UNHCR**
- **Need to go on the field to see how most of the entity policies are implemented (provides essential elements for performance audits) and to check the regularity of the management of the Offices (may also be useful for the financial audits)**
- **The size and organization of the reach may also be audited. **UNDP 2023-24 audit called “universal presence”:****
  - **Significant asset for UNDP and the UN** due to capacity to provide shared services within the UN Development System
  - **More strategic approach** to scaling-up, reducing, opening or closing offices, **would help to ensure** that the structure of UNDP’s field presence continues **to adapt to local development priorities**



## ***Conclusion***

- **International External Audit must follow the evolutions of the entities audited and adapts its focuses to these evolutions**
- **International External Audit may also innovate...**



***Appendix:*** Summary of key findings of the audits performed by the French Cour des comptes as a member of the UN Board of Auditors in 2023-2024



## Summary of Key Findings : PKO

### Financial audit

- **Bank account management:** discrepancies between the United Nations' register of signatories and banks.
- **Non-current employee benefit liabilities** (\$1.6 billion): progress in assessing the actuarial assumptions of medical plans and cost-sharing process is to be made.
- **Credit returns to Member States:** the method of calculating needs to be fully documented to ensure transparency.
- **Cost recovery:** The accumulated surplus of 105.2 million is similar to last year and needs to be reviewed in order to determine whether an expenditure related to the cost recovery fund is not already covered by assessed contributions and should thus be returned to Member states.

### Fuel procurement

- **The strategy** on this important procurement category (\$369 million) should be reviewed to better integrate the contexts of missions.
- **Monitoring, reporting and due diligence on vendors** are also to be improved.

### Management of budget processes

- In a context of financial constraint, efforts must be deployed towards **greater accuracy, predictability and efficiency**
- The peacekeeping missions face a stark liquidity crisis due to **unpaid contributions (\$1.8 billion at the end of FY 2022/2023)**. Liquidity management cannot completely overcome the difficulties created by these delays.
- The coordination between the local level (the missions) and the missions needs to be improved in terms of **budget implementation, accountability and reporting on performance**.

### Management of the civilian component

- Room for improvement was identified regarding the **mission planning**, especially on Headquarters' role and in the sequencing of operations, particularly in the transition and withdrawal phases.
- **Resources issues** (important vacancy rates) and **coordination with other stakeholders** are also points of attention.



## Summary of key findings : UNDP

### Financial audit

- **Delays in revenue recognition of voluntary contributions**, due to late submission of project agreements by country offices
- Following implementation of the new ERP Quantum, **anomalies such as outstanding transactions were identified and reduced to an insignificant level** through the implementation of additional monitoring controls

### Management of budget processes

- Dual system of the four-year and the annual budgets **needs to be better articulated to become more readable**
- Budgetary trends show a **decline in unearmarked contributions** over the years.
- Ability of UNDP to allocate a fraction of its core resources to programmatic activities is essential for delivering

### UNDP universal field presence

- **Significant asset for UNDP and the UN** due to capacity to provide shared services within the UN Development System
- **More strategic approach** to scaling-up, reducing, opening or closing offices, **would help to ensure** that the structure of UNDP's field presence continues **to adapt to local development priorities**

### Sustainable Development Goal 13 (climate action)

- UNDP is a **major global stakeholder** and in the drive towards climate change but **alignment on climate action** between corporate and country-based strategies as well as priorities set in the projects is not always clear
- **Measuring results on development proves particularly difficult in the case of climate-related actions, which are cross-cutting**
- UNDP aims at tracking, measuring and reducing its carbon footprint through its "Greening Moonshot" initiative. However, **carbon footprint of design and implementation of projects is not captured**



## **Summary of Key Findings : UNCDF**

### **Financial audit**

- **No significant error**, omission or misstatements from the review of the operations and financial records of UNCDF
- **Widespread use of grants** has led to some divergences particularly for transactions which are in substance exchange transactions and which **should follow different accounting rules under the present IPSAS standards**

### **Management of budget processes**

- Budget planning **very informal**
- **Fundraising needs to be in line with the budgetary needs** on UNCDF's next strategic framework. Implementation of mandate would require a strong relationship with **major public and private sector donors**
- Reporting only relies on budget execution in financial statement V. **This reporting provides a minimal information**, which is insufficient to support oversight on budget management
- Tracking and steering performance **relies on a limited tool, which mainly includes activity indicators. Performance management needs to be enhanced**, in order to be used in budget planning and to increase accountability



## Summary of Key Findings : UNHCR

### Financial audit

- **UNHCR implemented a new Cloud ERP system to enable integrations and automations.** By April 2024, these were not yet fully finalized. The ongoing stabilization phase led to a **higher proportion of estimates and manual adjustments** in the 2023 financial statements compared to the previous year and **significant delays** in the receipting and processing of implementing partners' financial reports in 2023
- Weaknesses in user's rights and access management **due to insufficient preparation before go-live**, resulting in numerous incidents after go-live.

### Management of budget processes

- **Actual funding of UNHCR amounts to only around half the aspirational level** set in this "programme budget", which raises the question of the relevance of the assessment of the needs and of the approval granted
- **UNHCR remains dependent from a very limited number of public donors.** Funding from private sources would need to be further developed
- **Quality and relevance of results indicators also need can be improved**, and there is a margin to increase ownership among staff and use the performance framework as a managerial leverage

### Management of large camps

- Ensuring up-to-date **knowledge of the situation in these large camps remains challenging.** Donors, host countries and beneficiaries are not aware of the costs of camps compared to other solutions.
- Long lasting camps and protracted situations raise the issue of **exit solutions**
- Registration procedures remain fragile and **vulnerable to fraud risks**, resulting in unequal effectiveness.
- Specific needs of large camps not specifically isolated in the budget development process make comparison between the cost per refugee in camps and outside camps challenging
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## ***Summary of Key Findings : Strategic Heritage Plan***

### **Mandate**

In its resolution 68/247 A, the General Assembly stressed the importance of oversight with respect to the development and implementation of the SHP and requested the Advisory Committee on Administrative and Budgetary Questions to request the Board to provide oversight assurance and to report annually on that matter to the Assembly. In response, on 27 August 2014, the Chair of the Board confirmed that the Board would audit and report on the strategic heritage plan

- **Shortcomings in programme governance and monitoring** contributed to additional delays and costs
- **A delay of four years** (completion date scheduled for 2027 instead of the original 2023) not only due to Covid-19 impact but also weaknesses in planning methodology
- **A limited overrun** of the initial budget (836 MCHF) by around 6%
- **Business continuity has been ensured** for the duration of the work which is a good point
- Important scope for **optimizing the use of space**, considering that occupation rate is 45% and some other buildings remain leased in Geneva at significant costs



## **Summary of Key Findings : UNFCCC**

- UNFCCC Secretariat relies more and more on **voluntary resources** to cover its needs, in a context of constraint core budget. **Raising additional funds is challenging**, and their lack of flexibility and predictability constrains budget execution
- **Need to improve** tools and better define rules related to the management and **overseeing of budget implementation**
- Reporting on budget management and performance to the Parties is **lacking of consistency and transparency**, not providing an **understanding of the main dynamics**. Numerous indicators exist to report on the work programs, **but without allowing for an overall view**
- The “**fit-for-purpose**” **initiative** launched in 2018 had the broad ambition to adapt the UNFCCC Secretariat to the evolution of the climate change agenda. The reform contributed to **reinforce oversight and cross-cutting functions** but its impact has not been assessed



## Summary of Key Findings : UNCCD

### Management of budget processes

- Increasing **dependency on extra-budgetary funds**, which have become preponderant. Relying on a **zero nominal growth budget** scenario in a context of inflation puts **sustainability of the Secretariat's missions is at risk**
- Resource mobilization is key, notably given the growing role of extra-budgetary funding. **Resource mobilization strategy is still a draft**
- In both 2022 and 2023, the **core budget and voluntary contributions have been over-implemented**
- The budget proposal is based on a results-based budgeting methodology and performance frameworks that can still be improved

### Role of the Convention as a bridge between science and policy

- The Secretariat relies on a network of external scientific partners without a clear **supporting strategy**
- Limited capacity to support innovation, due to **lack of strategic guidance** related to innovation in the strategic framework or in the multi-year work plan for 2022-2025. **No activity or deliverable related to innovation** in units' work plans.
- **Corporate agenda** on innovation still needs to be defined to fully benefit from the Convention's interactions with the scientific community, the private sector and civil society.