

Opening statement to the Fifth Committee
Report of the Board of Auditors on United Nations Peacekeeping Operations
for the period from 1 July 2018 to 30 June 2019
(A/74/5 (Vol. II))

May 2020

Mr. Chairman,
Distinguished Delegates,

On behalf of the Chairman Mr. Kay Scheller, President of the German Federal Court of Auditors and the other Board members Mr. Rajiv Mehrishi, Comptroller and Auditor General of India and Mr. Jorge Bermúdez, Comptroller General of the Republic of Chile, I am pleased to introduce the Report of the Board of Auditors on the United Nations peacekeeping operations for the financial year ended 30 June 2019.

The Board has issued an unqualified opinion. The financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with IPSAS.

On a general note, the Administration was very slow to implement recommendations from previous years. The number of recommendations that were not implemented at all rose sharply. Some of the Board's findings were not commented on or commented on only after deadlines had long passed, were denied without substantial evidence or the Administration withdrew earlier comments.

There were systematic errors in the census data submitted to the actuary for the valuation of the employee benefit liabilities. Upon the Board's recommendation, the Administration began to correct wrong staff service and participation data. It has increased the after-service health insurance liabilities by \$100 million based on United Nations Joint Staff Pension Fund data which was available on short notice. However, the Board stresses that this can only be a first step. United Nations Joint Staff Pension Fund data is suitable for an estimation but does not fully match times of service eligible for after-service health insurance. The Administration committed to obtain the exact staff service and participation data before the next full actuarial valuation as at 31 December 2021. The Board will monitor the process and assess how the exact data affects the liabilities.

The Administration stated liquidity problems. The Board holds that any liquidity assessment needs an accurate overview on the number of bank accounts, their balances and transactions. The Administration operated 263 bank accounts without having a complete overview. The Board identified a lack of management and reconciliation of bank balances.

The Administration reimburses troop-contributing countries for providing adequately trained troops to peacekeeping missions. The Board found that according to Missions' evaluation reports a number of troops did not possess basic military skills, such as handling their weapons.

The Security Council mandated a Mission to use a special military unit of some 2,800 soldiers to conduct offensive operations against armed groups to protect civilians. The 2018/19 budget for the unit was \$70 million. The Board was told by the Mission that the unit did not carry out offensive operations in 2019. The Board recommended that the Administration review the impact and effectiveness of that unit and report the result to stakeholders before the new budget cycle starts.

A Mission kept a battalion in the capital at the host country's request, rather than to deploy it to a conflict-affected area to protect civilians in accordance with its mandate. The Board recommended that the Administration deploy the maximum possible number of troops to protect civilians when demanded by the mandate.

A Mission needed attack helicopters. Those that were provided by a Troop Contributing Country via UN Headquarters did not perform. Even though the Mission requested their repatriation, UN Headquarters decided to keep them. The Board recommended that the Administration ensure that Missions have the units and equipment they need.

The Board identified a backlog of Memorandums of understanding which govern reimbursement and deployment of contingent-owned equipment or troops. It recommended establishing appropriate key performance indicators and engaging with the respective Troop Contributing Countries to minimize the backlog.

The Board found that MONUSCO closed eight field locations without exercising any administrative oversight and generating any income from the sale of assets. All assets were donated or disposed of.

Regarding the UN management reform, the Board found severe weaknesses in the provisioning and monitoring of Umoja roles, especially missing delegations of authority for powerful Umoja roles, which for example make it possible to alter personal staff data.

Within the new structure RSCE and UNLB are subordinate units to the Department of Operational Support which serves the entire Secretariat as a result of the management reform. However, they still have separate budgets which are sourced almost entirely from peacekeeping funds. In the Board's view, new financing arrangements for peacekeeping support are necessary to reflect these changes. Funding, delegation of authority and client structure need to be aligned.

The peace and security pillar reform shall increase the effectiveness of peacekeeping. The Board found that the Administration needs to track progress using measurable criteria, indicators and milestones to achieve this important goal.

Temporary appointments must be based on specific short-term requirements according to United Nations regulations. The Board found that UN Headquarters and the Missions awarded temporary contracts without analysing or documenting the requirement and selection of candidates.

This concludes my opening statement which highlights some of the Board's key findings brought out in the Report and our concerns. As always, the Board is happy to answer your questions. Thank you.



Peter Korn

**Director of External Audit, Germany
Chairman, Audit Operations Committee
United Nations Board of Auditors**