

**Sixty-ninth session**

Agenda item 131

**Review of the efficiency of the administrative and financial
functioning of the United Nations****Fourth progress report on the accountability system in the
United Nations Secretariat****Report of the Secretary-General***Summary*

The Secretary-General has the honour to transmit to the General Assembly a report on progress made towards the implementation of the accountability framework, as requested by the Assembly in its resolution 68/264. The report informs Member States of the measures taken and planned by the Secretary-General to strengthen accountability in response to that resolution, including a detailed account of the processes and results of the first Secretariat-wide risk assessment and the progress made in the implementation of results-based management.



I. Introduction

1. The present report is submitted in response to General Assembly resolution 68/264, in which the Assembly requested the Secretary-General to report to it at the first part of its resumed sixty-ninth session on the implementation of the resolution.

2. The report provides an update on the implementation of enterprise risk management (including the results of the initial Secretariat-wide risk assessment) and results-based management. It describes the progress made since the previous annual report on accountability (A/68/697) in a number of areas of interest to Member States, including personal accountability, accountability in field missions, the link between Umoja and the International Public Sector Accounting Standards (IPSAS) and accountability, procurement and ethics.

II. Enterprise risk management and internal control framework

3. Enterprise risk management is a modern managerial tool that facilitates discussion on strategic matters at the core of the activities of the Organization, promoting sound governance and enhanced accountability. It helps clarify the objectives and related risks at different levels in the Organization and facilitates a transparent and open dialogue on strategic issues both within the Organization as well as with stakeholders and Member States.

A. Secretariat-wide enterprise risk assessment

1. The process

4. In its resolution 68/264, the General Assembly noted the progress made by the Secretary-General towards the implementation of enterprise risk management and requested him to include the outcome of the Secretariat-wide assessment in the next progress report on accountability.

5. The first Secretariat-wide enterprise risk assessment was conducted under the auspices of the Management Committee to identify, evaluate and prioritize the top strategic risks for the Organization and related managerial responses.

6. The assessment identified potential risks to the activities of the Secretariat by considering the strategic objectives of the Organization as included in the biennial strategic framework, a review of relevant documentation, an analysis of previous risk assessments and the consideration of cross-cutting issues emerging from recommendations of the oversight bodies.

7. A preliminary risk profile was presented to the Management Committee in mid-2013. Interviews and workshops with all heads of departments and offices and their senior management teams across the entire Organization, including offices away from headquarters and regional economic and social commissions, were subsequently held, to complete the risk register with emerging risks and prioritize preliminary results, thereby adopting a holistic top-down view.

8. Additional consultations were held during the first quarter of 2014 to further prioritize the risk areas initially identified.

2. The risk register

9. The risk register includes risk definitions, a full analysis of key risk drivers, a description of the controls already established by management and an outline of potential risk response strategies. Each risk was scored in terms of the risk likelihood and impact (risk exposure). Following an assessment of the effectiveness of controls in place to mitigate the risk, the level of residual risk was determined as the starting point for defining the appropriate treatment response.

10. Risks were classified into tiers on the basis of the qualitative evaluation of exposures and control effectiveness as well as contributing factors gathered during the risk assessment process. As visually represented in the risk dashboard (see the figure below), of the 23 risks identified, 9 were categorized as “very high” (of which 6 were considered “critical”, requiring the immediate attention of senior management), 10 as “high” and 4 as “medium”.

Risk dashboard

STRATEGIC	GOVERNANCE	OPERATIONAL	OPERATIONAL <i>(continued)</i>	FINANCIAL
Planning and Resources Allocation	Governance	Programme Management	Safety and Security	Funding and Investments
Vision and Mandate	Control Environment and Risk Mgmt	Research, Analysis and Advisory	Safety and Security	Extrabudgetary Funding and Management
Strategic Planning and Budget Allocation	Organization Structure and Synchronization	Mission Activities	Intellectual Property	Accounting and Reporting
Human Resources Strategy, Mgmt & Accountability	Partnership and Coordination	Peacekeeping/Special Political Mission Mandates	Knowledge & Information Management	Financial Reporting and IPSAS
Internal and External Factors	Leadership and Management	Mission Planning	Information Resources	
Political Climate - External	Staff/Management Relations	Support Services	Information and Communications Technology Strategy, Infrastr. and Security	COMPLIANCE
Organizational Transformation	Ethical Conduct and Reputation	Procurement, Contract & Supplier Management		Regulatory
	Ethics	Business Continuity		Internal Policies and Resolutions
	Public Perception and Reputation			

Legend: Black — Critical and Very High; Dark Grey — High; Light Gray — Medium risks.

11. The Management Committee (expanded on an exceptional basis to include all the senior managers of the Organization at head of department or office level), validated the risk register and reached a common understanding of risks and their criticality, identifying the risks on which immediate action is needed and the managers (corporate risk owners) responsible for the definition of risk treatment and response plans. These

plans will outline the detailed risk treatment actions that management plans to introduce to further mitigate risks, as well as implementation timelines.

12. Following a subsequent discussion at a Joint Policy Committee and Management Committee meeting held on 9 September 2014, the Secretary-General formally approved the preliminary risk register as the instrument that summarizes the top strategic risks for the Organization, the implementation of relevant risk response strategies and the governance structure for the process. As explained in section A.4 below, this preliminary risk register will be further refined through the work of the risk treatment working groups.

13. The universe of risks identified above does not represent the totality of risks that the Secretariat might face — and this is also the case for the “high-level risks”. However, these are the risks that senior managers have collectively identified as having the highest priority. The Secretariat will therefore focus its attention on these risks at this time, as it believes it is important to focus on a limited number of risk areas that are collectively perceived as “high priority”, where it is possible to achieve demonstrable results in the medium term.

14. It is also important to note that implementing and embedding enterprise risk management throughout the United Nations is a continuous process. As the Secretariat faces new challenges and as mitigating strategies are put in place, new risks will emerge, some of the pre-identified risks will move down the priority list and others will move up.

3. Critical risk areas

15. United Nations operations are exposed, in many areas, to inherently high risks. While other organizations evaluate possible projects and, on the basis of a risk assessment, may decide whether or not to engage, the United Nations must accept all mandates from Member States. Many of these mandates often involve deployments and activities in difficult or dangerous circumstances with very limited planning time and information.

16. The resulting risk profile of the Secretariat will therefore be high and unique, and the final prioritization of risks and relevant thresholds should be considered within this overall context. The risk register will summarize corporate risk ownership and key risk drivers that provide the basis for the development of detailed risk treatment action plans with regard to the most critical risks emerging from the assessment. The preliminary risk register includes the following.

Risk 1: Organizational structure and synchronization

Corporate risk owner: Deputy Secretary-General

17. Risk 1 is the possibility that the overall structure of the Organization might not be able to support the achievement of strategic and operational objectives in an efficient and effective manner. Insufficient clarity as to organizational structure, responsibilities and objectives of different departments and offices might lead to conflicting or redundant activities and, ultimately, potential loss of public and Member States’ trust.

18. The risk stems from the possibility of a “siloed” organizational structure and mentality derived from the nature of the Organization. Departments and offices might

compete with each other for funds and resources and pursue their individual objectives rather than their activities contributing most effectively towards the overall objectives of the Organization. Mechanisms to work towards common goals might be inadequate, increasing the difficulty of implementing cross-cutting activities.

Risk 2: Organizational transformation

Corporate risk owner: Under-Secretary-General for Management

19. Risk 2 is the possibility that the Organization might not be able to respond to the needs of a changing environment. A conservative, risk-averse culture might hinder the ability of the Organization to be flexible and responsive to change.

20. The risk reflects, in part, the possibility of “change fatigue” within the Organization resulting from multiple simultaneous transformation projects (e.g., Umoja, IPSAS, human resources reforms, mobility, etc.). The organizational culture might be highly risk-averse, as senior managers and staff at all levels might fear taking responsibility and making decisions. As in other public sector organizations, there might be a trend to resist change or there could be vested interests in maintaining the status quo. As a result, a substantial number of legacy practices may be followed without a critical re-examination of their adequacy, while tools to facilitate cultural change might not be entirely appropriate.

Risk 3: Strategic planning and budget allocation

Corporate risk owner: Chef de Cabinet, Executive Office of the Secretary-General

21. Risk 3 is defined as limited ability to identify, evaluate and select among alternatives to provide direction and allocate resources for effective execution in achieving the mission, mandate and objectives of the Secretariat and different departments, impacting clarity in decision-making. Budget requests may not be completely fulfilled, affecting the ability of the Organization to effectively carry out its mission, objectives, plans and strategies.

22. The risk could translate into programmes being developed without taking a sufficiently global Organization-wide view, and with a shared understanding of the longer-term objectives of the Organization being only partially developed. As the strategic framework is prepared three years before programme implementation, strategic plans might lack the flexibility needed to effectively respond to new realities or emerging needs. In an environment of limited resources, additional mandates may moreover cause an overstretching of the Organization, as a systematic review of the existing mandates and the implications of any funding gaps might be lacking.

Risk 4: Safety and security

Corporate risk owner: Under-Secretary-General for Safety and Security

23. Risk 4 is the possibility that a secure working environment and the protection, promotion and monitoring of personal safety of staff, volunteers and others at United Nations facilities or in support of United Nations and related activities might be difficult to assure in certain circumstances. Overly restrictive security rules might limit United Nations activities in the field and might potentially impact humanitarian endeavours.

24. The risk could affect the health, safety and security of staff and operations, threatened by the nature of the political and physical environments where the United Nations operates, as the capacity of local authorities to provide the requisite response to security incidents may be limited. Efforts to manage security risks could also potentially increase programmatic risks, including limited contact with beneficiaries, impacting the effectiveness of operations and the credibility of the Organization. The consideration of the impact of occupational health and safety issues might also be insufficient.

Risk 5: Extrabudgetary funding and management

Corporate risk owner: Controller

25. Risk 5 is the possibility that the inability to obtain extrabudgetary funding may impact the ability of certain departments to achieve their objectives. Reliance upon extrabudgetary funding may jeopardize or appear to impact the independence of the United Nations, as projects that obtain earmarked funding might be perceived as being given higher priority. Internal control systems for the effective management of trust funds should be further strengthened.

26. The risk might stem from donors changing their priorities or moving resources to other actors, bringing potential instability to the Secretariat's operations and impacting the ability to plan strategically. The lack of predictable funding could also be perceived as potentially influencing the Organization to focus on donor countries' priorities as opposed to those of the wider group of Member States, thereby distorting programme priorities. Trust fund managers may have limited mechanisms to effectively ensure stewardship of funds by implementing agencies, and potential weaknesses in the establishment of controls on the use and impact of funds and to properly mitigate fiduciary risks could expose the Organization to reputational issues.

Risk 6: Human resources strategy, management and accountability

Corporate risk owner: Assistant Secretary-General for Human Resources Management

27. Risk 6 is defined in terms of the requirement for a well-defined and holistic human resources management strategy that supports the Organization's mission, vision, strategic objectives, values and employee needs: inadequate development and enhancement of staff skills and ability to provide effective performance feedback and guidance; inadequate promotion of accountability or otherwise holding responsible parties or constituents accountable for actions or inaction.

28. The recruitment of qualified and motivated staff and the development of a results- and performance-oriented culture might not be effectively supported by the existing policies and procedures, hindering the formulation of effective human resources management strategies and career planning mechanisms. Incentives to reward performance and opportunities for promotion might be extremely limited. Regarding accountability, an effective system linking performance and reporting mechanisms and providing transparency to managers and staff, as well as to Member States and stakeholders, might not always be clearly articulated. As a result, the scope for sanctioning staff and managers for not meeting goals might be limited.

4. Governance structure

29. A sound governance structure is essential for launching and embedding such a large-scale transformational initiative. It is also critical for efficient monitoring and reporting systems, effective decision-making structures and control processes and overall accountability.

30. Taking into consideration these principles, as well as the lessons learned from the implementation of large-scale business transformation projects,¹ the Secretariat has defined an efficient governance structure for enterprise risk management that consists of four main elements.

Management Committee

31. As the enterprise risk management committee for the Secretariat, the Management Committee will on a quarterly basis:

- (a) Review the adequacy of the designed risk response strategies;
- (b) Monitor the effectiveness of the overall enterprise risk management and internal control framework;
- (c) Provide relevant guidance and overall direction to the process.

Corporate risk owners

32. Corporate risk owners are officials at the Under-Secretary-General or Assistant Secretary-General levels who are responsible for ensuring that risks under their area of responsibility have been appropriately identified and that risk mitigation strategies are implemented and brought to the attention of the Management Committee. To perform these functions, they will:

- (a) Chair and lead the discussion of risk treatment working groups;
- (b) Assess the effectiveness of established controls;
- (c) Translate mitigation strategies into detailed risk treatment and response plans, defining action plans for implementation, responsible parties and timelines;
- (d) Bring to the attention of the Management Committee any emerging issues that might arise during the process;
- (e) Periodically report to the Management Committee on risk response implementation.

Risk treatment working groups

33. The working groups are comprised of staff members from different departments and offices representing the various functional areas of the Secretariat. They are “subject matter experts” who contribute specialized knowledge to the group discussions. The working groups will:

- (a) Support the work of the corporate risk owners;
- (b) Review the key drivers and the proposed controls and risk responses;

¹ Enterprise Resource Planning System (Umoja), Capital Master Plan (CMP) and International Public Sector Accounting Standards (IPSAS).

(c) Contribute actively to the definition of risk treatment and response plans and their implementation;

(d) Bring to the attention of the corporate risk owners any emerging issues that might arise during the process.

Enterprise risk management function in the Office of the Under-Secretary-General, Department of Management

34. The enterprise risk management function will:

(a) Provide the methodology and consistent tools to support the working groups;

(b) Coordinate the meetings of the working groups and participate in their discussions; assist in framing the results of these deliberations into a coherent enterprise risk management methodology (these tasks are implemented in conjunction with the corporate risk owners);

(c) Consolidate progress in the implementation of risk mitigation strategies for reporting to the Management Committee.

35. A very important coordination role has been entrusted to the Deputy Secretary-General under this governance structure. Because the primary critical risks that have been identified are closely interrelated, there is a need for close coordination of the activities of the working groups. This will help avoid potential overlap and ensure that possible synergies are recognized and exploited, as risk mitigating actions designed for one risk could positively impact other areas as well. Accordingly, in addition to his responsibilities as corporate risk owner for the risk area related to “organizational structure and synchronization”, the Deputy Secretary-General will hold periodic meetings with the corporate risk owners to ensure proper dialogue and coordination across the different risk treatment working groups.

36. The management of risks and internal controls and the implementation of appropriate risk treatment plans in accordance with the principles defined by this framework is the responsibility of each head of department or office, and of all staff members, in accordance with their specific roles and functions.

37. Lastly, the implementation of a coherent and integrated enterprise risk management system is a critical element in the Secretary-General’s accountability framework. It will help to embed a culture of risk management in the Secretariat’s daily work and enhance stakeholder confidence. To this end, continued senior manager engagement and leadership will be facilitated through the Management Committee so that synergies and integration are also achieved with other vital parts of the transformative agenda.

5. Oversight bodies’ observations

38. The oversight bodies have on several occasions noted the significant progress on enterprise risk management implementation. For example, the Board of Auditors recently stated: “The Board recognizes that the Administration is in the midst of a major organizational transformation and modernization programme... but there are signs that some of the benefits are coming within reach. The Board is particularly encouraged by the very positive developments on enterprise risk management, which, if followed through and embedded, offer the prospect of a much more

strategic focus on the key issues facing the Organization, and therefore the prospect of a step-change improvement in the way in which activities are controlled and delivered” (A/69/5 (Vol. I), chap. II, summary).

39. The Board also noted that “the top risks identified by senior management align well with the issues the Board has reported, both in this and previous reports” (ibid.) and concluded that “this is a major step forward and represents the most positive development on enterprise risk management the Board has seen within the United Nations” (ibid., para. 18).

40. The Independent Audit Advisory Committee, in its 2013/14 report, welcomed “the progress made by management” and recommended that “the Management Committee, which doubles as the enterprise risk management committee, continue to be engaged in the enterprise risk management process to ensure that enterprise risk management becomes an integrated and important management tool used to direct the Organization” (A/69/304, para. 30). The Committee concluded by commending “the enterprise risk management committee and management for the dedication and progress shown in breaking down silos and making enterprise risk management an integral and important management tool of the Organization” (ibid., para. 34).

6. Status of the accountability action plan as it relates to enterprise risk management

41. The status of the action plan as it relates to enterprise risk management can be summarized as follows:

- Completion of the Secretariat-wide enterprise risk assessment

Responsible entity: Office of the Under-Secretary-General for Management

Implementation date: March 2014

Status: Preliminary assessment completed — once finalized, the assessment will be formally updated every two years

- Validation of its conclusions by the Management Committee

Responsible entity: Management Committee (upon completion by the Office of the Under-Secretary-General)

Implementation date: Preliminary conclusions validated in April 2014

Status: Completed

- Identification of risk owners and definition of comprehensive risk treatment and response plans

Responsible entity: Management Committee/corporate risk owners

Implementation date: First phase based on the preliminary assessment by June 2014, then ongoing

Status: Completed/ongoing

- Monitoring and reporting to the Management Committee and to the Independent Audit Advisory Committee on the implementation of risk treatment and response plans and the overall risk profile of the Organization

Responsible entity: Office of the Under-Secretary-General for Management

Implementation date: Ongoing

Status: Ongoing

- Communication programme for enterprise risk management: (a) disseminating the e-learning course in Inspira; (b) planning further in-person training sessions and workshops; (c) continuing to develop the enterprise risk management and internal control web pages on iSeek; and (d) the enterprise risk management community of practice

Responsible entity: Office of the Under-Secretary-General for Management

Implementation date: Ongoing

Status: Ongoing

42. In addition to these efforts at the corporate level, different departments and offices are taking concrete steps towards the detailed implementation of enterprise risk management as part of their activities. Several offices, including the United Nations Office at Vienna/United Nations Office on Drugs and Crime, the United Nations Office at Geneva, the Economic and Social Commission for Western Asia and the Office of Internal Oversight Services, with the support of the enterprise risk management function, have already developed their own risk registers. Others, such as UN-Habitat, are actively working towards this end.

43. In relation to the peacekeeping missions and the related Headquarters support functions, enterprise risk management implementation is also currently under way utilizing the Secretariat-wide common methodology. The intention is to conduct a complete exercise in selected missions which can then be replicated in others.

III. Results-based management

44. In paragraph 22 of his third progress report on the accountability system (A/68/697), the Secretary-General recommended the following actions to accelerate the implementation of results-based management in the Secretariat:

(a) Implement a high-level advocacy and outreach campaign to emphasize the need for the Organization to focus more on the achievement of results;

(b) Emphasize the joint assessment of institutional performance and the performance of individual senior managers by the Management Performance Board;

(c) Implement training courses in different areas related to results-based management;

(d) Develop results-based management guidelines and training materials, including e-learning tools.

45. The Secretary-General stated that these recommendations were to be implemented in a phased approach and established as the timeframe for their implementation two consecutive bienniums, namely, 2014-2015 and 2016-2017.

46. The following is a status update on actions taken since the third progress report on the accountability system.

A. Training courses

1. Budget Preparation (Logical Frameworks and Other related Matters)

47. The Office of Programme Planning, Budget and Accounts provided tailored training for programme managers on the preparation of the 2016-2017 logical frameworks for the respective departments and offices. In all, 25 working sessions for the same number of departments and offices were conducted between February and April 2014. The sessions resulted in a number of observable modifications, including objective statements that are more focused on end-user benefits, improved clarity of benefits to end users and improved precision and measurability of indicators.

2. Programme Monitoring and Reporting

48. The Office of the Under-Secretary-General for Management delivered nine training sessions on programme monitoring and reporting from August to December 2014 in Vienna, Geneva and New York for staff from 25 departments and offices. Supported by updated training materials and tailor-made exercises, the training programme provided 160 participating staff members with an overview of the results-based budgeting process and practical guidance on how to assess progress towards expected accomplishments by using indicators of achievement and performance measures.

B. Self-evaluation activities

49. The lack of resources for implementing a strong evaluation framework Secretariat-wide has been stressed in different reports of the oversight bodies.² To overcome this limitation, the Office of the Under-Secretary-General for Management is implementing a pilot for strengthening the self-evaluation capacity within the Department of Management, the results of which — if successful — will be shared with the rest of the Secretariat. The pilot utilizes existing staff whose functions are closely related to monitoring and evaluation within the Department of Management or who have expressed an interest in learning how to conduct self-evaluations. To this end, the Office conducted a two-day training session on conducting evaluations in New York on 16 and 17 January 2014. The session was attended by 23 participants from the Department of Management, as well as staff from other departments deemed to be weak in self-evaluation capacity in the report of the Office of Internal Oversight Services A/68/70. <http://undocs.org/A/68/70..50>.

50. Upon completion of the training, three evaluation groups were formed from the trained Department of Management personnel to conduct specific evaluations in 2014-2015 on issues that have Department-wide (and potentially Secretariat-wide) repercussions. These self-evaluation activities will enable the Department to assess its performance in terms of conducting evaluations, identify good practices and areas for improvement and serve as an example to other entities that have limited resources and do not have a dedicated evaluation capacity.

² See paragraph 19 of A/60/73, paragraph 43 of A/64/63 and paragraph 12 of A/68/70 (reports of the Office of Internal Oversight Services). In addition, in A/68/70, it is noted that only six departments and offices in the Secretariat have dedicated units devoted exclusively to self-evaluation.

C. Joint assessment of institutional performance and the performance of individual senior managers by the Management Performance Board

51. In order to assess individual and institutional performance simultaneously, the Management Performance Board holds a dedicated meeting each year to review the performance of senior managers against the targets in their annual compacts as well as the performance of the Organization against the indicators in the programme budget. The latter is assessed through the biennial programme performance report and, since 2012, also through the interim programme performance report. The Board conducts this joint review as a means of strengthening the alignment between individual and institutional accountability at the highest levels.

52. The increased linkage between institutional and personal accountability will be strengthened with the introduction of a new element in the senior managers' compact assessments in 2015, which will include for the first time a review by the Executive Office of the Secretary-General of the portion of the assessment that has historically been completed by each senior manager himself/herself. This portion is based on the section of the compact that reflects the unique objectives of each senior manager. As part of its assessment, the Executive Office of the Secretary-General will also consider the relevant sections of the programme performance report that describe their accomplishments in terms of the institutional objectives of the Organization.

D. The way forward

53. Programme planning, monitoring and reporting, and the corresponding training, will form part of the budget formulation module under Umoja Extension 2, which is expected to be designed, built and rolled out between 2015 and 2017.

IV. Personal accountability

A. Performance management and development

54. The Secretary-General recently presented a proposal to the General Assembly for revisions to the performance management system in his report on performance management ([A/69/190/Add.2](#) and Corr.1), pursuant to the request of the General Assembly in resolution 68/252. The proposal aims to strengthen accountability, simplify the policy and appraisal process, improve the management culture in the Organization and address underperformance more effectively. Subject to endorsement by the Assembly, the reforms and new policy are expected to be implemented starting on 1 April 2015.

55. To raise awareness of the importance of performance management and encourage greater attention by senior management, an indicator related to completing end-of-cycle performance appraisals was included in the senior managers' compacts in 2014, which had a positive impact on completion rates. As at 15 September 2013, the completion rate for performance appraisals was 70 per cent for all Secretariat entities for the performance cycle that ended in March 2013. Following inclusion of the compact indicator in 2014, as at 15 September 2014, the completion rate was 86 per cent for all Secretariat entities for the performance cycle that ended in March 2014.

B. Status of the accountability action plan as it relates to performance management

56. The status of the action plan as it relates to performance management can be summarized as follows:

- Revision of the policy and electronic performance tool to simplify and clarify processes

Responsible entity: Office of Human Resources Management

Implementation date: Ongoing throughout 2015

Update: Following endorsement from the General Assembly, the revised policy is expected to be implemented as at 1 April 2015 with a revised electronic performance tool

- Development of online training and guidance packages for managers and staff-at-large on performance management to increase accessibility of such learning programmes

Responsible entity: Office of Human Resources Management

Implementation date: Ongoing throughout 2015

Update: Online learning tools and guidance are under development. Priority tools for all staff, managers and human resources practitioners will be available in 2015

- Improved reporting capabilities (human resources management scorecard) to ensure greater compliance monitoring

Responsible entity: Office of Human Resources Management

Implementation date: Ongoing

Update: Continued improvements are ongoing. Additional improvements to the electronic performance tool which will support better reporting capabilities are under development

- Promulgation of guidance related to awards and recognition

Responsible entity: Office of Human Resources Management

Implementation date: 2015

Update: Will be promulgated as part of the new guidance and tools in support of the revised policy in 2015

- Issuance of detailed guidance on evaluating staff and handling underperformance

Responsible entity: Office of Human Resources Management

Implementation date: First quarter 2014

Update: Will be promulgated as part of the new guidance and tools in support of the revised policy in 2015

C. Senior managers' compacts

57. The Secretary-General continues to strengthen the senior managers' compacts to ensure that they are a meaningful and powerful instrument of accountability, as called for in paragraph 18 of General Assembly resolution 68/264. A recent example of this continual strengthening was the Management Performance Board's midyear review in 2014 of the compacts to identify areas of weakness requiring attention by senior managers before the end of the year. This midyear review was conducted for the first time on the 2014 compacts, and the findings derived from that review were shared with senior managers to help improve performance earlier than at the end of the performance cycle. Another example was the decision by the Board to involve the Executive Office of the Secretary-General more proactively in the drafting of the 2015 compacts and the end-of-cycle review of performance (see para. 52 above).

58. The Board made only minor changes to the compact template itself for 2015, having streamlined the template significantly for the 2014 cycle. In paragraph 17 of its resolution 68/264, the General Assembly requested the Secretary-General "to consider the inclusion in the senior managers' compacts of a new standard managerial indicator related to the issuance of official documentation to intergovernmental bodies and General Assembly committees and to report thereon in the context of the next progress report on accountability". At its meeting in May 2014, the Management Performance Board considered this request and recalled that, as part of the effort to make the senior managers' compacts more strategic and streamlined, the Board had decided not to include the slot date indicator in the 2013 or 2014 compacts. To address the General Assembly's concern, the Board recommended that the matter be a standing item on the agenda of the Management Committee. Accordingly, the Management Committee now monitors the timely submission of documentation to the General Assembly with a view to ensuring better compliance with slot dates by author departments/offices, improvements in the word limits and the quality of manuscripts. To facilitate its work, the Management Committee receives regular updates from the Under-Secretary-General for General Assembly and Conference Management on the status of parliamentary documentation. It is envisaged that through this strengthened oversight, senior management will be better able to identify and address challenges related to the issuance of official documentation in an ongoing and systematic manner.

59. The Board also continues to address systemic issues that prevent senior managers from meeting the targets in their compacts. The primary focus of these efforts in 2014 was on the recruitment timeline, which is an area where compact performance is almost uniformly weak. At the Board's request, the Office of Human Resources Management conducted an in-depth review of recruitment to determine why departments and offices were performing so poorly on the recruitment timelines. The Office found that the biggest bottleneck was the assessment and recommendation of candidates by hiring managers, who must conduct a manual review of an ever-rising volume of applicants. To address these challenges, the Office proposed and the Management Committee agreed that the Organization should pilot the use of well-established and scientifically validated selection test methods supplemented with the latest technology, which will reduce recruitment timelines while also serving as a good predictor of future performance.

D. Status of the accountability action plan as it relates to senior managers' compacts

60. Under the action plan, the Management Performance Board is to conduct a midyear review of senior managers' performance against the targets in their compacts. The Board conducted the first midyear review of the senior managers' compacts in 2014 and provided feedback to the senior managers.

E. New performance management-related accountability tools

61. Starting in 2015, the Secretary-General will sign a modified compact with the representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund. As this is a new and specialized position, the details of the content of the modified compact are still being developed.

62. Similarly, to address the need for improved accountability, the process of year-end performance assessments will be expanded to include certain other United Nations entities whose executive heads are under the authority of the Secretary-General, such as the research and training institutes.

V. Strengthening accountability in the field missions³

63. The Departments of Peacekeeping Operations and Field Support have been implementing an accountability framework and scorecard mechanism since July 2014, which provides a number of indicators to measure the performance of field missions in the execution of the conduct and discipline related functions, as well as new and more detailed reporting on those indicators. The accountability framework details the methodology for assessment of the accountability of field missions and their senior managers, as well as corresponding support by conduct and discipline personnel, through a series of indicators and related expectations concerning the performance of activities related to prevention, enforcement and remedial actions. The framework also identifies the nature of measurements for the performance of these activities and the periodicity of such measurements (quarterly or annual).

64. The overall policy of the two departments on accountability for conduct and discipline in field missions has been finalized and will be presented for adoption by the senior management team in January 2015. This new policy details roles and responsibilities for ensuring the implementation of the United Nations strategy to address misconduct in field missions, in particular sexual exploitation and abuse, through prevention, enforcement and remedial actions.⁴

65. The two departments are strengthening accountability in the field in other ways as well. Directors and chiefs of mission support, as chief fiduciaries of peacekeeping operations, continue to be required to submit letters of representation

³ See the report of the Secretary-General on the financing of the United Nations peacekeeping operations (A/68/731) for additional information on the latest efforts of the Secretary-General to strengthen accountability at all levels of the United Nations peacekeeping operations.

⁴ See the report of the Secretary-General (A/68/756) for details regarding actions taken in the implementation of initiatives under the strengthened programme of action for sexual exploitation and abuse.

at the end of each financial period, and the Department of Field Support continues to oversee and support the exercise of delegations of procurement authority to the field, notably through reviews of monthly and quarterly field mission procurement reports, review of mission internal controls during field assessments, review of audit results and follow-up on the implementation of audit recommendations related to field procurement activities.

66. Finally, risk management focal points have been established in missions. Training activities are planned in the 2014/15 budget period to equip the risk management focal points with the requisite skills to carry out risk assessments in missions. A pilot implementation of enterprise risk management is planned in the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo for January 2015. Lessons learned from the project will be shared with other missions.

Status of the accountability action plan as it relates to the field missions

67. The status of the action plan as it relates to the field missions can be summarized as follows:

- Finalization of a policy on accountability for conduct and discipline in field missions and of the associated accountability framework and scorecard mechanism

Responsible entity: Department of Field Support

Implementation Date: 2014

Update: The accountability framework and scorecard mechanism were launched in July 2014. The policy on accountability for conduct and discipline in field missions has been finalized and will be presented for adoption by the senior management team in January 2015.

- Review of letters of representation

Responsible entity: Department of Field Support

Implementation Date: Fourth quarter 2014

Update: All letters of representation received from the peacekeeping missions and the Global Service Centre indicated that the chief fiduciaries had managed the resources placed under their stewardship in compliance with the applicable United Nations regulations and rules

- Introduction of risk management practices into “pilot” areas

Responsible entity: Department of Field Support

Implementation Date: Global field support strategy, first quarter 2014; Criminal Law and Judicial Advisory Service, Conduct and Discipline Unit and sexual exploitation and abuse, second quarter 2014

Update: The risk assessment of the global field support strategy was completed and reported to the Member States in the fourth annual progress report on the implementation of the strategy (A/68/637). A risk management

approach has since been embedded in the strategic planning and implementation of the strategy and the risk register is updated on a regular basis. In addition, risk management practices were introduced in thematic areas such as the prevention of sexual exploitation and abuse and the activities of criminal law and judicial advisory service.

VI. International Public Sector Accounting Standards and Umoja

A. Impact of Umoja on accountability

68. The Secretary-General has emphasized that the benefits of Umoja — including those related to increased accountability — will not be delivered automatically. Rather, they will be increasingly achieved as the result of the changing relationship between the system, business processes and the adoption of new ways of working in the Secretariat. In addition, as the qualitative benefits are distributed between Umoja Foundation and Umoja Extension, most of them will not become evident until Umoja Extension is fully implemented.

69. Although it is still too early to reach conclusions in terms of the realization of certain benefits, some positive trends appear to be developing in the following areas.

1. More integrated management processes

70. In the area of procurement, a centralized catalogue of goods and services has been implemented, which enables the management of and reporting on the goods and services throughout the supply chain life cycle in a more streamlined, efficient and transparent manner.

71. In the area of finance, a comprehensive and centralized chart of accounts has been introduced, which is capable of better supporting the business requirements of the Organization and that allows for a more consistent and comprehensive analysis of programmes. In addition, for the first time in history, the Organization now has access to a single source of master data, using this common chart of accounts.

2. Increased management effectiveness by making available more and higher-quality information

72. Following the deployment of Umoja Foundation in peacekeeping operations, more than 75,000 vendor records were cleansed and reduced to approximately 7,000 records, which were uploaded into the United Nations Global Marketplace and synchronized with Umoja.

73. Umoja is increasingly enabling a more transparent view of the Secretariat's real estate portfolio and a strengthened ability to comprehensively record and manage assets. For example, this is the case in the United Nations Stabilization Mission in Haiti, where the preliminary findings of a recent audit by the Office of Internal Oversight Services mentioned a number of good practices in this area.

3. More efficient workflows and clearer lines of accountability

74. As the first deployments of Umoja Foundation and Extension 1 in the field have been completed, it has become more evident that the Organization previously

had in place a large number of disparate process flows and work patterns performing the same transactions. Umoja's introduction of common operating models across the Organization has led to: (a) a comprehensive revision of the respective authorities, roles and responsibilities existing in the field missions and service centres; and (b) the resolution of cross-functional issues and conflicts, such as those related to delegation of authority between procurement and logistics.

B. Impact of the International Public Sector Accounting Standards on accountability

75. In his third progress report on the accountability system (A/68/697), the Secretary-General outlined the benefits of IPSAS adoption in terms of strengthening accountability. The experience gained so far in further advancing IPSAS implementation, i.e., preparation of the first set of IPSAS-compliant financial statements for peacekeeping operations, has confirmed the potential of IPSAS to contribute to enhanced accountability and overall better management of the United Nations.

76. It is worth reiterating that the introduction of IPSAS and its underlying accrual accounting basis is, per se, a commitment to enhanced accountability as it significantly augments transparency, a central element underpinning accountability. The enhancement of transparency is based on the availability of much more detailed and comprehensive information about the Organization's financial position, financial performance and cash flows, as well as the its use of its resources, which now is available to all internal and external stakeholders.

77. In the context of the first IPSAS-compliant financial statements for peacekeeping operations as at 30 June 2014, this enhanced transparency has been demonstrated by the Organization's presentation for the first time of property, plant and equipment balances of \$1.4 billion, inventory of \$0.4 billion, actuarially valued employee benefit liabilities of \$1.4 billion and provisions for probable future cash outlays of \$0.5 billion. A further noteworthy element of transparency is that this information, being IPSAS-compliant, is presented in accordance with internationally recognized best practice for accounting and reporting by public sector entities.

78. Hand in hand with transparency, IPSAS-compliant accounting brings with it better traceability of management decisions and their impact on transactions, which are the building blocks for information contained in the financial statements. Traceability, in turn, will allow for improved accountability for use of the new information triggered by IPSAS, as it enables establishing responsibility for accounting transactions and thus for specific aspects of the Organization's performance and position.

79. Once responsibility can be established, reviews can be undertaken by both management and oversight bodies as to the underlying reasons for transactions and their resulting amounts, the outcome of which should allow for conclusions as to whether or not amounts and transactions have been correctly recorded and reflected, and whether or not management decisions resulted in better overall results for the Organization.

80. A recent example of how IPSAS can trigger the closing of gaps and enhance accountability was the preparation of IPSAS statements. The heightened attention to

reconciliation issues that is required by IPSAS has resulted in increased awareness among managers of this area and has led to a realignment of resources at field missions, necessary technical enhancements to the Umoja system and intensified hands-on training in field missions. As such, the discipline required by IPSAS has brought to light potential gaps and allowed for their closing, even before major accountability issues might have arisen.

81. As IPSAS implementation progresses and the Organization moves to a “living-with-IPSAS” phase, compliance with the new standards and with the resulting changes to processes and procedures will become routine, and the Organization in its entirety will progressively learn how to use the new information for decision-making purposes and for steering positive changes in the Organization at the organizational, departmental, office and mission levels. Member States in their governing function will also be an important partner in and benefit from these efforts.

VII. Ethics and accountability⁵

A. Efforts to strengthen the organizational culture for ethics

82. The Ethics Office has completed an independent review of the existing policy on protection against retaliation. Recommendations on changes to this policy are being reviewed by the Executive Office of the Secretary-General in consultation with relevant departments and offices. The Office has also completed its internal review of the financial disclosure programme and related policies, and has embarked upon the informal discussion and consultation process.

83. In 2012-2013, the Ethics Office launched leadership dialogues to ensure that all staff members participate in annual ethics education, which have continued during 2014 with a new topic: respect and tolerance in the workplace. Initial feedback from managers and staff for these programmes is highly positive.

84. The Director of the Ethics Office continues to conduct confidential ethics induction briefings with incoming and newly appointed Assistant Secretaries-General and Under-Secretaries-General, reaching the majority of executives within 12 months of their appointment. This service has also been extended to experts on mission.

85. The Director of the Ethics Office conducted confidential ethical leadership behaviour assessments for Under-Secretaries-General who signed senior manager’s compacts. Results from these upwards feedback assessments informed the proposed model for ethical leadership behaviour for senior leaders. Experiences gained from this exercise were incorporated into the proposed multi-rater feedback initiative for Assistant Secretaries-General and Under-Secretaries-General, as sponsored by the Office of Human Resources Management.

86. In 2012 and 2014, the Office undertook a research-based ethics and reputational risk assessment of selected United Nations peacekeeping missions in response to requests from the Advisory Committee on Administrative and Budgetary Questions and the Under-Secretary-General for Field Support. This assessment identified the likelihood of ethical risk occurrence and the potential seriousness of

⁵ See [A/69/332](#) for more details of the activities of the Ethics Office and the results achieved.

such risks impacting the ability of the United Nations to fulfil its peacekeeping operations mandate. Results from this survey are being used by peacekeeping missions to address the perceptions and measure improvements to organizational culture over time.

B. Status of the accountability action plan as it relates to ethical behaviour

87. In September 2014, the Ethics Office launched a redesigned online introductory ethics training programme that is mandatory for all United Nations staff and can be accessed either via Inspira or through the public portal of United Nations System Staff College.

88. In May 2014, a comprehensive review of the regulatory framework for the Secretary-General's bulletin on protection against retaliation ([ST/SGB/2005/21](#)) was completed, with delivery of recommendations and proposed amendments to the Executive Office of the Secretary-General.

89. In December 2014, a comprehensive review of the regulatory framework for the Secretary-General's bulletin on financial disclosure and declaration of interest statements ([ST/SGB/2006/6](#)) was completed, with informal discussions under way with the Department of Management and the Office of Legal Affairs.

90. A proposed model of ethical leadership for senior managers was delivered in July 2014, followed by on-going consultations with the Department of Management.

The way forward

91. The third leadership dialogue series will be developed for distribution in the fourth quarter of 2015.

92. In the second quarter of 2015, the Ethics Office will support the Department of Field Support in the development of action plans and follow-up assessment and measurement for ethical organizational culture and ethical risks.

VIII. Strengthening accountability in procurement

A. Training and professionalization

93. In accordance with the recommendations stemming from a comprehensive training needs assessment, the Secretariat adopted a three-tiered training road map in 2009. Phase one of the programme was launched in 2010, with the roll-out of the online Procurement Training Campus offering training, examination and certification in the following four courses: ethics and integrity in procurement; best value for money, the fundamentals of procurement; and overview of the procurement manual. Successful completion of these courses has become mandatory not only for procurement staff, but also for staff with fiduciary responsibilities, prior to the issuance of their respective designation or delegation of procurement authority.

94. As at 30 September 2014, the number of registrants in the Procurement Training Campus exceeded 5,000, with a total of 4,323 certificates issued to staff

members from the Secretariat and other United Nations system entities. With regard to phase one, the compliance rate of staff who are required to complete the courses is 93 per cent.

95. Phase two of the training has been launched with advanced courses for requisitioners, procurement staff and contract managers, including acquisition planning; contractual issues in purchasing; and contract management.

96. Similarly, phase three has already been implemented with the establishment of a dedicated training academy which allows staff to receive on-line advanced training leading to professional certification by an internationally accredited procurement training institution.

97. With regard to this phase the results are as follows: Eight staff members from the Procurement Division and five staff members from the field missions received the foundation diploma in purchasing and supply from the Chartered Institute of Procurement and Supply between 2012 and 2014. A total of 49 staff members are presently enrolled in the programme of the Chartered Institute of Procurement and Supply. Eight are in the advanced diploma for procurement and supply course, five of whom are from the Procurement Division and three from field missions. Forty-one staff are in the diploma for procurement and supply course, 13 of whom are from the Procurement Division and 28 from field missions.

B. Ethics, integrity and management culture

98. Among other controls in force, procurement practitioners are required to complete mandatory training in ethics and integrity and remain subject to post-employment restrictions, which are supported by similar restrictions imposed upon suppliers through the Supplier Code of Conduct. The Procurement Division collaborates closely with the Ethics Office on relevant policy issues, vendor review and training activities in order to maintain a robust internal control structure in the Organization's procurement, and compliance with the financial disclosure programme remains mandatory for procurement practitioners.

99. Finally, with regard to the mandatory online ethics course, the compliance rate of staff who are required to complete the course is 95 per cent.

C. Procurement assistance visits

100. From 2007 to 2014, 59 procurement assistance visits to peacekeeping missions have been completed with the objective of reviewing procurement activities, reporting on performance, identifying weaknesses and areas of risk and proposing measures to strengthen the procurement function.

IX. Recommendation to the General Assembly

101. **The General Assembly is requested to take note of the progress of the Secretariat in strengthening its accountability system, as described in the present report.**