



United Nations

**United Nations Entity for Gender Equality
and the Empowerment of Women**

Financial report and audited financial statements

for the year ended 31 December 2021

and

Report of the Board of Auditors

General Assembly

Official Records

Seventy-seventh Session

Supplement No. 5L



**United Nations Entity for Gender Equality and the
Empowerment of Women**

**Financial report and audited
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Report of the Board of Auditors



United Nations • New York, 2022

Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

Letter dated 30 April 2022 from the Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors

Pursuant to financial rule 1202 of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), enclosed are the financial statements for the year ended 31 December 2021. These statements have been prepared and signed by the Director of the Division of Management and Administration of UN-Women.

(Signed) Sima **Bahous**
Under-Secretary-General and Executive Director
United Nations Entity for Gender Equality
and the Empowerment of Women

**Letter dated 21 July 2022 from the Chair of the Board of Auditors
addressed to the President of the General Assembly**

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) for the year ended 31 December 2021.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), which comprise the statement of financial position (statement I) as at 31 December 2021 and the statement of financial performance (statement II), the statement of changes in net assets/equity (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled “Auditor’s responsibilities for the audit of the financial statements”. We are independent of UN-Women, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor’s report thereon

Management is responsible for the other information, which comprises the financial report for the year ended 31 December 2021, contained in chapter IV below, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of UN-Women to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management intends either to liquidate UN-Women or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of UN-Women.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UN-Women;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UN-Women to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UN-Women to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the transactions of UN-Women that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of UN-Women.

(Signed) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

(Signed) Kay **Scheller**
President of the German Federal Court of Auditors

(Signed) Hou Kai
Auditor General of the People's Republic of China

21 July 2022

Chapter II

Long-form report of the Board of Auditors

Summary

By its resolution [64/289](#), the General Assembly established the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). UN-Women provides guidance and technical support to all Member States, at their request, on gender equality, the empowerment and rights of women and gender mainstreaming. It is mandated to work in consultation with national machineries for women and civil society organizations and to operate as part of the resident coordinator system within the United Nations country team by leading and coordinating the team's work on gender equality and the empowerment of women.

The Board of Auditors audited the financial statements and reviewed the operations of UN-Women for the year ended 31 December 2021. Owing to the coronavirus disease (COVID-19) pandemic, the interim audit was carried out through a combination of field audit and remote audit at headquarters in New York and at the United Republic of Tanzania country office from 18 October to 12 November 2021; at the Colombia country office from 29 November to 17 December 2021; and at the Asia and the Pacific Regional Office and the Bangladesh country office from 1 February to 4 March 2022. The final audit of the financial statements was conducted on-site in New York, from 2 May to 3 June 2022.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with the management of UN-Women, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UN-Women as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed UN-Women operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations.

The Board also conducted a detailed follow-up of actions taken in response to recommendations made in previous years.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UN-Women as at 31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Overall conclusion

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of UN-Women for the year ended 31 December 2021. However, the Board identified scope for improvement in the areas of strategic plan, programme management, procurement management, contributions, policy, procedure and guidance, human resources and information and communications technology.

With total revenue of \$681.47 million (an increase of \$145.77 million compared with 2020) and expenses of \$530.74 million, the financial performance reflected a surplus of \$150.73 million as at 31 December 2021. The overall financial position of UN-Women remained in a solvent position during 2021, with current assets of more than nine times the current liabilities, and total assets of more than six times the total liabilities.

Key findings

The Board's key findings are as follows:

Unmapped activities in the annual workplan

The Board observed that, of the total project budget planned for 2021 (\$585.21 million), \$43.26 million was not mapped intermediately in the annual workplan owing to constraints within the current enterprise resources planning system and manual interventions in the "Project Delivery". Furthermore, the Board detected that, of the \$43.26 million, there was \$37.82 million for which there were reported expenses during the year 2021.

Unresolved financial findings of partner's audit

The Board reviewed the status of the financial findings arising from project partner audits, as at 31 December 2021, and noted that there were projects from 2012 to 2020 that had audit financial findings not yet resolved by the Entity, for a total amount of \$1,319,075.

Monitoring weakness in the procurement process at headquarters

The Board detected weaknesses in the monitoring of procurement activities at UN-Women due to lack of readily available reliable reports, and also a need for systems integration and more efficient data consolidation.

Main recommendations

On the basis of the audit findings, the Board recommends that UN-Women:

Unmapped activities in annual workplan

(a) **Introduce, as part of the ongoing development of the new enterprise resource planning system, "Quantum", a stronger interface between the UN-Women corporate systems for financial management and the system for planning and results management, with the aim of reducing manual interventions, and provide greater systemic flexibility to the end users in order to ensure a complete alignment of approved annual workplan activities with financial resources used;**

Unresolved financial findings of partner's audit

(b) **Address the partners' audit financial findings in a timely manner, with the aim of generating certainty regarding the proper use of the resources transferred to the partners;**

(c) **Resolve the long-standing partners' audit financial findings in a swift manner, in order to clarify the use of the funds transferred to partners in prior years.**

Monitoring weakness in the procurement process at headquarters

(d) **Strengthen its internal controls with the aim that the Procurement Section at headquarters improve on its monitoring process for procurement activities based on risk, ensuring that solicitation methods are used appropriately and that purchase orders are issued in accordance with the contracts established with suppliers;**

(e) **Coordinate with business owners and the future users of the new enterprise resource planning system, "Quantum", of the procurement process, to raise system requirements in order to generate standard, timely and useful reports for users, which capture global data for all stages of the procure-to-pay cycle.**

Follow-up of previous recommendations

The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2020. Of the 29 outstanding recommendations, UN-Women had implemented 21 recommendations (72 per cent) and 8 recommendations (28 per cent) were under implementation.

Key facts

6	Regional offices
3	Multi-country offices
58	Country offices
5	Liaison offices
1,206 staff	Employed by UN-Women
2,320 non-staff	Non-staff personnel working for UN-Women
\$547.83 million	Final budget for 2021
\$681.47 million	Total revenue for the year 2021
\$530.74 million	Total expenses for the year 2021
\$35.73 million	Reserves as at 31 December 2021
\$116.38 million	After-service health insurance, repatriation benefits and death benefits liability as at 31 December 2021

A. Mandate, scope and methodology

1. The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established in 2010 to support, address and contribute to gender equality and the empowerment and the advancement of women. UN-Women supports States Members of the United Nations as they set global standards for achieving gender equality and works with governments and civil society to design laws, policies, programmes and services needed to ensure that the standards are effectively implemented and truly benefit women and girls worldwide. It works globally to make the vision of the Sustainable Development Goals a reality for women and girls and stands behind the equal participation of women in all aspects of life, focusing on four strategic priorities: (a) women lead, participate in and benefit equally from governance systems; (b) women have income security, decent work and economic autonomy; (c) all women and girls live a life free from all forms of violence; and (d) women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and humanitarian action. UN-Women also coordinates and promotes the work of the United Nations system in advancing gender equality, and in all deliberations and agreements linked to the 2030 Agenda for Sustainable Development. The Entity works to position gender equality as fundamental to the Goals and a more inclusive world.

2. The Board of Auditors has audited the financial statements of UN-Women and reviewed its operations for the year ended 31 December 2021, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

3. The audit was conducted to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UN-Women as at

31 December 2021 and its financial performance and cash flows for the year then ended, in accordance with IPSAS. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations.

4. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. The Board also reviewed the operations of UN-Women under regulation 7.5 of the Financial Regulations and Rules of the United Nations, under which the Board may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the operations of UN-Women.

6. The audit was carried out through a combination of field audit and remote audit owing to travel restrictions following the onset of the coronavirus disease (COVID-19) pandemic. The Board adjusted its processes of analysis and utilized alternative audit procedures to obtain reasonable assurance. It is the Board's view that this remote audit was performed as an exception under unique circumstances and should not be viewed as a standard occurrence in future audits.

7. The present report covers matters that, in the Board's opinion, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with UN-Women management, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

8. The Board verified the status of implementation of previous years' recommendations up to the period ended 31 December 2020. Of the 29 outstanding recommendations, UN-Women had implemented 21 recommendations (72 per cent), and 8 recommendations (28 per cent) were under implementation. Details of the status and progress in the implementation of all previous outstanding recommendations are provided in the annex to chapter II and in table II.1.

Table II.1
Status of implementation of previous recommendations

Report and audit year	Number of recommendations	Recommendations pending as at 31 December 2020	Implemented	Under implementation	Not implemented	Overtaken by events	Recommendations pending as at 31 December 2021
A/73/5/Add.12 , chap. II (2017)	25	1	1	—	—	—	—
A/74/5/Add.12 , chap. II (2018)	16	1	1	—	—	—	—
A/75/5/Add.12 , chap. II (2019)	22	4	4	—	—	—	—
A/76/5/Add.12 , chap. II (2020)	23	23	15	8	—	—	8
Total number of recommendations	86	29	21	8	—	—	8

9. The Board acknowledged the management's efforts towards finalizing the process for implementing long-standing recommendations, and highlighted the 72 per cent overall implementation rate that UN-Women has achieved during this cycle, which reflects the solid commitment of the Entity to managing the recommendations arising from the audit process.

2. Financial overview

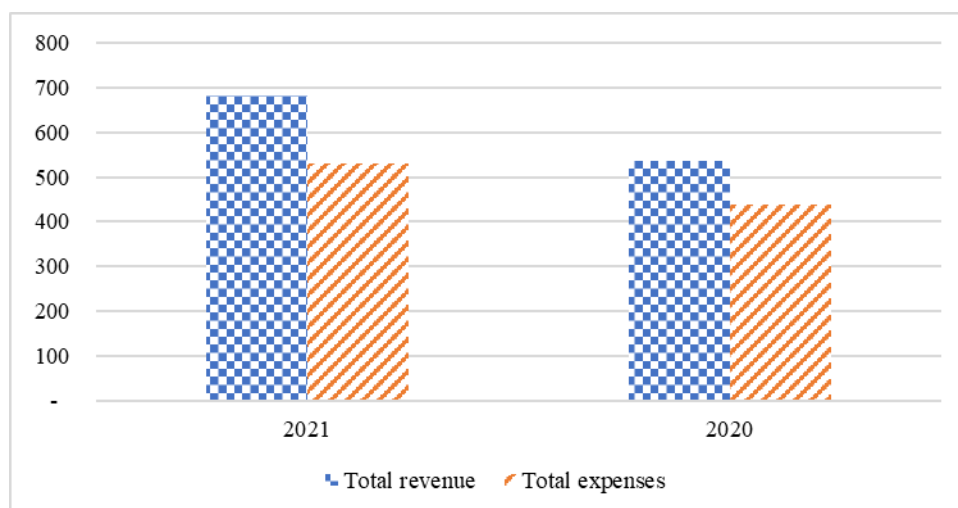
Financial performance

10. As at 31 December 2021, total revenue for UN-Women amounted to \$681.47 million (2020: \$535.70 million), against total expenses of \$530.74 million (2020: \$439.51 million), resulting in a surplus for the year of \$150.73 million (2020: \$96.19 million). A comparison of revenue and expenses for the financial years 2021 and 2020 is illustrated in figure II.I.

Figure II.I

Financial performance pattern for 2021 and 2020

(Millions of United States dollars)

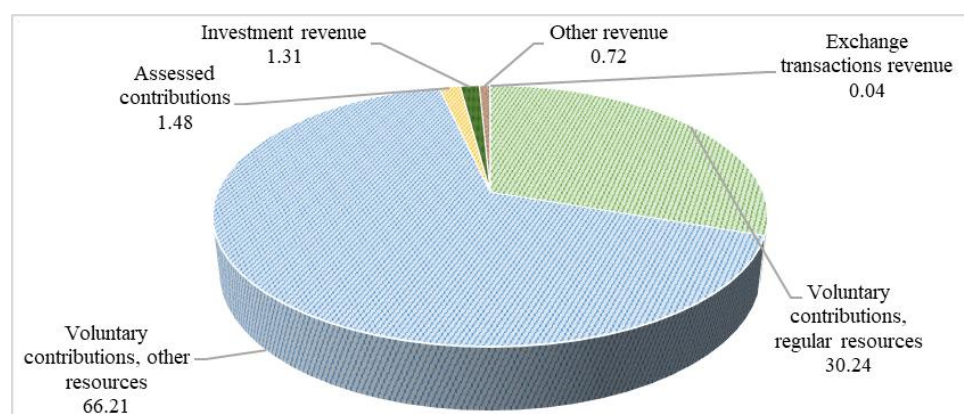


Source: Board analysis of UN-Women financial statements for the years ended 31 December 2021 and 2020.

11. The total revenue reported by UN-Women amounted to \$681.47 million (2020: \$535.70 million), an increase equivalent to 27 per cent. Voluntary contributions amounted to \$657.25 million (2020: \$510.75 million), representing 96 per cent of total revenue for 2021. The voluntary contributions are mainly represented by other resources, earmarked for specific programmes and projects, which increased by 26 per cent to \$451.18 million (2020: \$357.58 million). The regular resources, or core contributions, increased by 35 per cent to \$206.07 million (2020: \$153.17 million). Figure II.II illustrates the sources of revenue for 2021.

Figure II.II
Revenue by source in 2021

(Percentage)



Source: Board analysis of UN-Women financial statements for the year ended 31 December 2021.

12. Compared with 2020, total expenses in 2021 increased by 21 per cent. The most significant change was in contractual services, which amounted to \$170.26 million (2020: \$134.40 million), an increase of 27 per cent. The other main variation is due to a rise in operating costs by \$26.97 million (28 per cent), reaching \$122.33 million (2020: \$95.36 million), related to an increase in learning costs. Likewise, a rise in employee benefits of \$9.72 million (6 per cent), was recorded in 2021, totalling \$166.46 million (2020: \$156.74 million), directly linked to an increase in salary and wages of \$6.66 million, due mainly to an increase in the number of staff members and non-staff personnel hired.

Financial position

13. UN-Women had total assets of \$1,205.69 million (2020: \$1,049.46 million), total liabilities of \$173.56 million (2020: \$173.62 million) and total net assets of \$1,032.12 million (2020: \$875.84 million).

14. In 2021, cash and cash equivalents decreased by \$63.56 million (39 per cent), totalling \$101.23 million (2020: \$164.79). The decrease was due mainly to commercial papers, which as at 2020 were classified as cash, which had a maturity date of less than three months from the date of acquisition.

15. Total investments of UN-Women stood at \$644.33 million in 2021 (2020: \$567.40 million). Of its total investments, \$193.28 million corresponded to current investments (2020: \$343.90 million) and \$451.04 million to non-current investments (2020: \$223.50 million). Investments held to maturity amounted to \$583.37 million in 2021 (2020: \$510.45 million), and investments available for sale amounted to \$60.95 million in 2021 (2020: \$56.95 million). The account movements are due to the purchases and maturities of portfolio elements held by the Entity.

16. The distribution of investment held to maturity was 18 per cent in money market instruments, amounting to \$104.97 million (2020: \$272.31 million) and 82 per cent in bonds and notes, totalling \$478.41 million (2020: \$238.14 million). Non-current investments in bonds held to maturity amounted to \$390.56 million (2020: \$167.14 million), an increase of \$223.42 million. Likewise, current investments in the money market held to maturity decreased by \$167.34 million, totalling \$104.97 million (2020: \$272.31 million). This shift in allocation was due to the underlying interest rate environments in 2020 and 2021.

17. Accounts receivable increased by \$125.51 million (49 per cent) from \$255.75 million in 2020 to \$381.26 million in 2021. Current accounts receivable amounted to \$212.88 million (2020: \$191.87 million), an increase of \$21.01 million (11 per cent). Non-current accounts receivable amounted to \$168.38 million (2020: \$63.88 million), a growth of \$104.50 million (164 per cent). The main reason for the increase in accounts receivable is the growth in contributions of the multi-year agreements.

18. Liabilities amounted to \$173.56 million in 2021 (2020: \$173.62 million), a decrease of \$0.06 million. Of total liabilities, \$135.10 million (2020: \$132.71 million), equivalent to 78 per cent, represented obligations for employee benefits. Accounts payable and other liabilities amounted to \$38.47 million (2020: \$40.92 million), representing 22 per cent of total liabilities.

Financial ratios

19. The analysis of the main financial ratios shows a decrease, although UN-Women remains in a financial position to meet its short-term liabilities with its liquid assets. Similarly, all ratios indicate a sound financial position.

20. Current assets amounted to \$574.30 million against current liabilities of \$57.70 million, resulting in net current assets of \$516.60 million.

21. The current ratio decreased from 12.67 to 9.95, which is explained mainly by the moving of funds in investments, from current to non-current.

22. The solvency ratio grew from 6.04 to 6.95, mainly owing to an increase in non-current accounts receivable. The total assets exceed total liabilities by \$1,032.12 million, which indicates a healthy financial position.

23. The cash and quick ratios decreased from 8.59 to 5.10, and from 11.83 to 8.79, respectively, owing mainly to a change from short-term to long-term investments. In this regard, the current liabilities are still covered by cash equivalents, short-term investments and current accounts receivable. Table II.2 contains key financial ratios derived from the UN-Women financial statements for the year ended 31 December 2021 and 2020.

Table II.2
Ratio analysis

<i>Description of ratio</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Current ratio^a		
Current assets: current liabilities	9.95	12.67
Total assets: total liabilities^b		
Assets: liabilities	6.95	6.04
Cash ratio^c		
Cash and short-term investments: current liabilities	5.10	8.59
Quick ratio^d		
Cash and short-term investments and current accounts receivable: current liabilities	8.79	11.83

Source: Board analysis of UN-Women financial statements for the year ended 31 December 2021 and 2020.

^a A high ratio indicates an entity's ability to pay off its current liabilities.

^b A high ratio indicates an entity's ability to meet its overall obligations.

^c The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents or invested funds there are in current assets to cover current liabilities.

^d The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

3. Strategic plan

Unmapped activities in annual workplans

24. The strategic plan outlines at the global level the Entity's strategic direction, objectives and approaches to support efforts to achieve gender equality and empower all women and girls.

25. In this context, the 2021 annual workplan step-by-step technical guidance indicates that, for the field, annual workplans are the main tool for the planning, budgeting and monitoring of results and activities that contribute to strategic notes.¹

26. Likewise, the guidance indicates that activities are actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs. They are also the main link between the results management system² and Atlas, the current enterprise resource planning system. To ensure consistency and the accurate reflection of planned resources and expenditure and the successful realization of the annual workplan, the mapping of the results management system and Atlas activities is critical to ensure that financial data reflected in Atlas and the results management system are aligned.

27. It is important to note that UN-Women uses Atlas to support the accounting and budgeting process and the system's use is mandatory. However, the system comes from the United Nations Development Programme (UNDP), and a new system called "Quantum" is currently under development in its phase 1 "recruitment and sourcing launch".

28. The Board reviewed the mapped annual workplan activities in the dashboard hosted in OneApp,³ as at 31 October 2021, and observed that, of the total project budget planned for 2021 (\$585.21 million), the amount of \$43.26 million (7.39 per cent) of the budget was not mapped in the annual workplan.

29. Furthermore, the Board reviewed the Project Delivery dashboard in OneApp, as at 31 October 2021, and observed that, of the \$43.26 million not mapped to the annual workplan, there was \$37.82 million (86.88 per cent) that, during the audit year, had expenses reported and needed manual intervention to ensure proper mapping of resources.

30. The Board enquired of UN-Women as to the above-mentioned situation, and the Entity indicated that "the general reason for activities unmapped to annual workplan, despite having expenses in 2021, is due to constraints within the current Atlas". UN-Women also stated that the unmapped expenditure gap was expected to be further reduced before the year-end 2021 closure of the books of accounts.

31. The Board considers that, if the Entity does not map activities to annual workplans, it could lead to reported expenses not being aligned with the strategic plan. The mapping and alignment of the results management system and Atlas activities are essential to ensure consistency, the accurate reflection of planned resources and expenditures, the successful completion of the annual workplan and to ensure that financial data reflected in Atlas and the results management system are aligned.

¹ Strategic notes are the main strategic planning documents for UN-Women field offices. These articulate the field's strategy and main results, in line with national priorities and the United Nations Sustainable Development Cooperation Framework.

² Results management system is the corporate platform for all field offices and headquarters units, which help to plan, monitor, and report against annual workplans.

³ A dashboard is available in the UN-Women application OneApp, which helps managers to monitor their office's progress in formulating Atlas budgets that are aligned with their results management system. The dashboard shows mapping status at global, regional and office level.

32. Likewise, the Board deems that it is important to establish a stronger interface between the UN-Women corporate systems for financial management and for planning and results management, in order to align the activities carried out by the Entity with the critical path of the next strategic plan, 2022–2025.

33. **The Board recommends that UN-Women introduce, as part of the ongoing development of the new enterprise resource planning system, “Quantum”, a stronger interface between the UN-Women corporate systems for financial management and the system for planning and results management, with the aim of reducing manual interventions, and provide greater systemic flexibility to the end users in order to ensure a complete alignment of approved annual workplan activities with financial resources used.**

34. UN-Women accepted the recommendation.

4. Programme management

Unresolved financial findings of partner’s audit

35. In line with the audit approach policy and procedure (both issued on 13 December 2012), the resolution of audit recommendations arising from project partner audits’ procedure, issued on 30 October 2020, sets out the procedures to ensure that all findings, recommendations and risks identified during audits of programmatic and project activities implemented by partners are addressed, implemented and monitored in a timely manner.

36. The procedure for the resolution of partners’ audits indicates that the heads of office, with the Project Manager, should review the partner audit report, consider the findings and recommendations and tailor corrective actions accordingly. Moreover, the heads of office should immediately address any financial finding and take all appropriate remedial and corrective actions.

37. It should be noted that, under the above-mentioned procedure, a financial finding is a detection of an unsupported amount or ineligible expenditure in the partner’s audit report. Therefore, not all financial findings are necessarily ineligible expenditures.

38. The Board reviewed the status of the financial findings arising from project partner audits as at 31 December 2021, and noted that there were projects from 2012 to 2020 with audit financial findings not yet resolved by the Entity for a total amount of \$1,319,075. Table II.3 shows details of the status of financial findings.

Table II.3

Unaddressed financial findings by year

(Millions of United States dollars)

<i>Year</i>	<i>Unaddressed financial findings</i>
2012	20 512
2013	378 903
2014	39 485
2017	700
2018	367 202
2019	219 172
2020	293 101
Total	1 319 075

Source: Data provided by UN-Women.

39. The Board considers that the belated management actions to address the partner's financial findings could generate an untimely resolution of the potential ineligible expenditures and their refunds, causing uncertainty related not only to the use of the funds transferred to partners but also as to whether these resources were utilized for the purpose for which they were intended.

40. The long-standing partners' financial findings that are not addressed by management may give rise to an accumulative effect of unsupported or ineligible expenditure amounts, which could trigger these figures to become financially significant in coming years.

41. The Board recommends that UN-Women address the partner's audit financial findings in a timely manner, with the aim of generating certainty regarding the proper use of the resources transferred to the partner.

42. The Board recommends that UN-Women resolve the long-standing partners' audit financial findings in a swift manner, in order to clarify the use of the funds transferred to partners in prior years.

43. UN-Women accepted these recommendations.

Misrecording of funding authorization and certificate of expenditure forms in accounting

44. The UN-Women policy on cash advances and other cash transfers to partners, issued on 23 December 2020, provides that the funding authorization and certificate of expenditure form replaces all other forms of financial reports used by government, intergovernmental organization and non-governmental organization (NGO) partners for requesting funds and reporting expenditure, and must be used every time there is an advance and/or liquidation of an advance.

45. The policy also provides that the completed and signed funding authorization and certificate of expenditure form shall be submitted by the partner no later than 20 calendar days after the end of a quarter. Similarly, it indicates that, for year-end financial purposes, partners may be required to submit an interim funding authorization and certificate of expenditure form as at 31 December.

46. However, the policy provides that the Project Manager can accept, reject, or request an amendment to the expenditures reported. The funding authorization and certificate of expenditure form must be signed and approved by the UN-Women Project Manager before being recorded in Atlas by a finance staff member.

47. Any changes and/or amendments to the signed funding authorization and certificate of expenditure form must be countersigned by both parties, and only the final and agreed form will be submitted to the finance section of UN-Women for the recording of expenditures and/or requests for payment.

48. The Board reviewed the list of all funding authorization and certificate of expenditure forms for 2021 issued by partners to the UN-Women United Republic of Tanzania country office as at 5 November 2021 and noted that 14 funding authorization and certificate of expenditure forms, related to expenses incurred in the year 2020, were recorded in 2021. In addition, interim funding authorization and certificate of expenditure forms had not been requested by the field office for the funding authorization and certificate of expenditure forms. The total amount of the 14 funding authorization and certificate of expenditure forms was \$201,271.

49. During the audit process, the programme and project management of the country offices of Bangladesh, Colombia and the United Republic of Tanzania and the Asia and the Pacific Regional Office were reviewed. The Board took a sample of 73 funding authorization and certificate of expenditure forms for the year 2021 issued

by partners to the field offices, and one of the focuses of this evaluation was the proper registration of these forms in Atlas.

50. The Board noted that, in the country offices of Bangladesh, Colombia and the United Republic of Tanzania, there were 16 funding authorization and certificate of expenditure forms with differences between the expense accounts recorded in Atlas and the expense accounts detailed in the signed funding authorization and certificate of expenditure forms. Furthermore, the Board noticed that, in eight of those cases, accounts for different category expenses were used wrongly, with, for example, travel expenses recorded in the learning cost account.

51. The Board considers that delayed submission of funding authorization and certificate of expenditure forms could affect the timely monitoring of the implementation of activities by partners, in addition to creating cut-off difficulties at the time of recording expenses for the period in which were accrued. The Board considers that the country office could have requested the interim funding authorization and certificate of expenditure form for year-end financial purposes and recorded the expenses in a timely manner, prior to the revision and submission of final funding authorization and certificate of expenditure forms.

52. The Board also considers that an inaccurate recording of information regarding funding authorization and certificate of expenditure forms in Atlas could impact the classifications of expenses in the statement of financial performance.

53. Likewise, and given that the funding authorization and certificate of expenditure form is the formal financial report submitted by the implementing partners and provides a detailed classification of the expenses made by the partner, it is paramount that the information posted in Atlas is consistent with that signed by the parties in the funding authorization and certificate of expenditure form.

54. Lastly, the current enterprise resource planning system has no automatic preventive controls to help avoid human errors at the time of posting the funding authorization and certificate of expenditure in Atlas. Therefore, based on the facts presented, this situation would not allow the field offices to keep an accurate classification of these accounts.

55. The Board recommends that the UN-Women United Republic of Tanzania country office request the funding authorization and certificate of expenditure forms in a timely manner and record the expenses in the correct period in which they are executed, with the aim of the transactions and other events being recognized when they actually occur.

56. The Board recommends that the UN-Women Colombia and United Republic of Tanzania country offices countersign any changes or amendments to the signed funding authorization and certificate of expenditure form, in order to record the accounting information accurately.

57. The Board recommends that the UN-Women Bangladesh and Colombia country offices improve their controls related to posting the expenses reported in the funding authorization and certificate of expenditure form in Atlas, in order to record the accounting information accurately.

58. The Board recommends that the UN-Women Bangladesh and Colombia country offices provide training and strengthen the capacity of the implementing partners in the use of the accounts and expenses classifications in the funding authorization and certificate of expenditure form.

59. The Board recommends that UN-Women introduce, as part of the ongoing development of the new enterprise resource planning system, “Quantum”, stronger preventive controls in the classification and recording of the

expenditures reported in the funding authorization and certificate of expenditure forms, with the aim of reducing manual interventions and human errors at the time of posting the funding authorization and certificate of expenditure forms.

60. UN-Women and the country offices of Bangladesh, Colombia and the United Republic of Tanzania accepted these recommendations.

5. Procurement management

Monitoring weaknesses in the procurement process at headquarters

61. The internal control policy of UN-Women effective since 8 August 2020, provides in paragraph 5.8.1 that UN-Women has systems and processes in place that support the identification, capture and communication of information in a form and time frame to enable UN-Women personnel to carry out their responsibilities. It also indicates that up-to-date records of UN-Women transactions are maintained in Atlas, from which reports are produced.

62. The contract and procurement management policy raised by UN-Women with the effective date of 20 January 2017, provides in section 6.2 that business units can use a variety of procurement methods for the solicitation and tendering of goods, civil works or services. It also indicates that the method selected depends upon several factors, including the type of good or service being procured as well as its value.

63. In the policy, post facto is defined as regularizing the required authority and documentation after the expense has been incurred or the UN-Women commitment has been made. In addition, it is indicated in section 10.4 that post facto situations occur in the event that a contract or purchase order has or has not yet been issued by UN-Women. However, it is also mentioned that business units shall make every effort to avoid post facto cases.

64. Since Atlas does not have the solicitation process incorporated, UN-Women uses several independent systems to fully support its procurement activities. UN-Women developed the e-procurement platform, which allows for the electronic management of the sourcing process, solicitation of bids, evaluation and oversight, award and contract management. However, there is no data interface between the procurement plan, e-procurement and Atlas.

65. Similarly, the Entity uses the e-procurement system to maintain the contract files with vendors, owing to the limitations of Atlas. However, the Entity was not able to readily generate and provide a complete list of those files with the corresponding purchase orders issued.

66. A list of purchase orders was extracted through Atlas as at 30 August 2021. When comparing the list of purchase orders provided by the Entity against the list that was extracted, the Board observed that there were 410 purchase orders which were not in the list provided, making it impossible to determine which of these belonged to the procurement area and which belonged to human resources, inter alia.

67. Subsequently, the Board requested the Entity to provide a list of purchases made in the ex post facto mode, and a list with the universe of 12 purchases made in this way was provided. In the Board's review of a sample of five purchases, it was observed that one had been issued as a consequence of the original purchase order having been incorrectly closed. The purchase order had been mistakenly closed owing to the lack of communication and inadequate monitoring of the procurement transaction. UN-Women therefore needed to meet its commitment on the outstanding invoice and approve the processing of a new purchase order as a post facto case.

68. Lastly, when the Board requested the detail of the Entity's procurement plan, the Board detected that UN-Women did not maintain records to attest that purchases were made as stipulated in the initial purchase plan.

69. The Board considers that the lack of full integration of the procurement system reduces the Entity's ability to have at its disposal readily available and up-to-date procurement information critical for timely and intelligent decision-making. In addition, the lack of reliable reports with comprehensive data from a seamlessly integrated system may have a direct impact on the efficient monitoring and effective oversight of the procurement processes across the global offices of the Entity. This also may imply inefficient use of human resources with manual interventions needed to prepare useful reports.

70. The Board is of the opinion that UN-Women should provide tools to generate standard reports that can be accessible to any manager or team leader. These standard reports would allow them to verify the current status of any procurement procedure, in order to ensure control and overview of any document that is part of the procurement process.

71. In addition, the Board considers that, given the limited procurement functionalities in Atlas, the development of the new enterprise resource planning system, "Quantum", presents an opportunity for the procurement business unit, whereby it can develop mechanisms that allow global and timely monitoring, as well as strengthening preventive controls throughout the purchasing process.

72. Lastly, the Board is of the view that, even though the Procurement Review Committee was alerted to the purchase made in a post facto modality and subsequently approved it, this denotes inadequate monitoring in the procurement process.

73. The Board recommends that UN-Women strengthen its internal controls with the aim that the Procurement Section at headquarters improve on its monitoring process for procurement activities based on risk, ensuring that solicitation methods are used appropriately and that purchase orders are issued in accordance with the contracts established with suppliers.

74. The Board recommends that UN-Women coordinate with business owners and the future users of the new enterprise resource planning system, "Quantum", in the procurement process, to raise system requirements in order to generate standard, timely and useful reports for users, which capture global data for all stages of the procure-to-pay cycle.

75. UN-Women accepted these recommendations.

Use of non-purchase orders above established thresholds

76. The contract and procurement management policy, effective since 8 August 2020, provides in section 6.2.1 that the creation of a purchase order for goods, services and small works valued above \$2,500 is mandatory, and it is optional below that amount.

77. The Board reviewed the non-purchase-orders database provided by the United Republic of Tanzania country office, which contained the list of purchases made without executing a purchase order, with a cut-off date of 30 August 2021.

78. The Board detected that 13 out of a total of 105 vouchers, exceeded the \$2,500 threshold established in the policy for the issuance of a purchase order. These cases amounted to \$65,353, representing 41 per cent of the vouchers issued during the period.

79. The Board considers that exceeding the threshold established in the policy may increase the risk of splitting purchases, a practice that evades the controls established in the procurement process, especially considering that these purchases do not have long-term contracts associated with them.

80. In addition, the Board considers that making these purchases without a purchase order denotes a lack of control and monitoring by the country office, as the purchases could be executed without the corresponding delegation of authority.

81. The Board recommends that the UN-Women United Republic of Tanzania country office improve its internal controls, to ensure that purchase orders are created for all purchases over \$2,500.

82. UN-Women United Republic of Tanzania country office accepted the recommendation.

6. Contributions

Non-standardized contribution year-end closing process.

83. In 2021, UN-Women refined its accounting policy on the treatment of non-exchange transactions pursuant to IPSAS 23: Revenue from non-exchange transactions. Under the new policy, there is a distinction between revenue recognition for financial statements presentation and management account purposes. Concerning the financial statement presentation, the policy provides that receivables and revenue – including multi-year contributions – are recognized in full at the time the agreement is signed. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. Meanwhile, as for management account purposes, revenue is recorded in the current enterprise resource planning system used by UN-Women and reported for internal purposes in accordance with the requirements of the UN-Women financial regulations and rules for contributions schedule of payments.

84. The application of the policy implies a recognition practice, consisting in an adjustment for future contributions made at the end of the year, which is needed for the preparation and presentation of the financial statements. This adjustment is calculated on the basis of the statement of contributions report, extracted from the enterprise resource planning system used by UN-Women. The report includes information about the contribution agreements, including the donor, original currency, total amount, future milestones in United States dollars and related projects, inter alia.

85. The Board reviewed the draft year-end adjustment for the preparation of the financial statements developed by UN-Women, noting that only other resources contribution agreements were updated in the statement of contributions report.

86. In addition, it was verified that regular resources contribution agreements were manually included and converted to United States dollars in the worksheet for the adjustment calculation. In some cases, there were small differences in the conversion, due to errors in the formula for the calculation. These errors were reported to the Entity during the audit process and corrected by UN-Women.

87. The Board considers that carrying out manual calculations processes could lead to errors in the preparation of the financial statements. Likewise, including the information on the enterprise resource planning system, for the extraction of the statement of contributions report, regarding all the contributions agreements (either regular or other resources) would standardize the process for all contributions, ensuring the completeness of the records and avoiding manual inclusions and calculations that could lead to inaccuracies.

88. The Board is of the opinion that the process of moving to a new enterprise resource planning system could be an opportunity to develop reports that include all agreements and automatic calculations for foreign currencies.

89. The Board recommends that UN-Women include all regular resources and other resources contribution agreements in its enterprise resource planning system, to automatically convert these resources in foreign currencies into United States dollars.

90. UN-Women agreed with this recommendation.

7. Policy, procedure and guidance

Outdated policies procedures and guidance

91. The purpose of the policy, procedure and guidance framework, issued on 26 July 2018, is to establish a comprehensive system for the development and approval of all policies, procedures and guidance related to regulations within UN-Women. This framework also establishes tasks, roles and responsibilities of each participant area, activities and/or processes to develop, approve or promulgate the policies, procedures and guidance for each UN-Women business unit.

92. In the same vein, this framework indicates that all regulations available on the policy, procedure and guidance intranet site are considered valid and constitute the official versions of these documents; therefore, those uploaded to this intranet site are the current official standards for due coordination and duties in all presences and offices of the Entity worldwide.

93. The Board reviewed a total of 259 regulations with an in-force status submitted on the policy, procedure and guidance intranet site (cut-off date 26 October 2021), observing the following:

(a) Out of a total of 59 policies on the intranet site, 18 documents had a "Review overdue" status, indicating that the document review date had expired. In addition, three policies, petty cash policy, revenue management policy and delegation of authority policy, presented differences between the dates of the attached documents in the system and the dates recorded on the intranet site.

(b) Regarding the procedure regulations, 24 of the 79 documents hosted in the dashboard had their date expired. In addition, one procedure presented a difference of the revision dates between the attached document reported and the intranet site.

(c) In the guidance category, 45 documents out of a total of 121 registered in SharePoint were overdue. In addition, six documents were identified with differences between the dates inside the document and the dates in the dashboard policy, procedure and guidance intranet site, such as accounts payable journal voucher guidance, general ledger journal entry guidance and general conditions for contract guidance.

94. Although UN-Women put a monitoring mechanism in place to report to the business units when it was necessary to update policy, procedure and guidance documents, the current policy, procedure and guidance framework did not establish a deadline to provide the content owners with a reference for the timely execution of these reviews; therefore, the content owners did not respond to these reviews promptly.

95. The Board noted that the Entity had not formalized the frequency of the monitoring reminders by the policy, procedure and guidance team to content owners to review and update regulations documents in the policy, procedure and guidance framework or framework procedure. A calendar was issued at the initiative of the policy, procedure and guidance team to encourage content owners to update their documents.

96. Lastly, regarding the status of the dashboard on the policy, procedure and guidance intranet site, the Board observed that, when documents expired in the system, the policy, procedure and guidance team only alerted the content owners of the need for a review.

97. The Board considers that the absence of an updated regulation could lead the Entity not to reflect the changes from the environment in its processes in a timely manner. This situation could impact the control actions that each business unit must carry out.

98. Likewise, the Board considers that the global monitoring process could be more effective if the different levels of governance were involved; thereby, the Entity would have an appropriate mechanism to report on the progress made and act to minimize the related risks.

99. The Board recommends that UN-Women establish deadlines for each content owner to allow the Entity to update its policies, procedures and guidance in a timely manner, considering the necessary commitment that content owners must have and the monitoring activities for the authority levels in the business unit and the effects that non-compliance situations could generate.

100. The Board recommends that UN-Women enhance the participation of all levels of governance in the construction, formalization and update activities for policy, procedure and guidance; thus the importance of an adequate policymaking process is established; and therefore, UN-Women would have appropriate and up-to-date documentation to ensure its compliance with the underlying instructions.

101. UN-Women agreed with these recommendations.

8. Human resources

Mandatory training courses not completed

102. According to article 101 of the Charter of the United Nations, the paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. The aim of mandatory training courses is thus to build a common foundation of knowledge and promote a shared organizational culture among staff of the Organization.

103. In this regard, UN-Women has a current plan for mandatory and optional training courses, which establishes that the UN-Women field offices and divisions are responsible for the training plans of their staff and personnel, including any optional training identified for UN-Women personnel. It is specified that UN-Women corporate mandatory courses constitute the basis for everyone's training plan and should be completed for all personnel regardless of contract type (staff or affiliate workforce) who have been in the organization for longer than six months.

104. UN-Women maintains the information and execution of the personnel training courses in the Agora learning management system (managed by the United Nations Children Fund (UNICEF)), while the historical information is kept in the legacy database (managed by UNDP). The completion of courses must be visible in the Agora learning management system.

105. The Board analysed the information reflected on the legacy database and the Agora training system report regarding the status of UN-Women mandatory training courses from the active personnel database with more than six months in the organization, with a cut-off date of 10 November 2021, observing that 65 per cent (1,751) of UN-Women personnel had not completed all mandatory courses, and 59 per cent (1,027) had a delay of more than 12 months in the completion thereof.

106. Furthermore, despite the fact that UN-Women had established an oversight mechanism to send periodic reminders and reports on mandatory courses to its personnel and inform newly recruited personnel of mandatory training requirements in the welcome letter for new hires and monthly orientation on the Human Resources Division, these efforts were insufficient, since only 35 per cent of the UN-Women personnel had completed all their mandatory courses. The Board observed that each mandatory training course had a non-compliance percentage of between 30 and 40 per cent of UN-Women personnel.

107. The Board considers that a lack of compliance with the United Nations mandatory courses could affect the activities and functions of UN-Women personnel in different positions and offices, hindering the development of capacities in its units and impacting the effective fulfilment of the institutional objectives of UN-Women.

108. In addition, the Board considers that the current design of the monitoring control, in compliance with the mandatory training courses by UN-Women personnel, does not allow the Entity to mitigate the risk of massive non-compliance nor encourage the engagement of all governance levels with these personnel obligations.

109. The Board recommends that UN-Women implement a workplan in order to correct the lack of compliance with the mandatory training courses.

110. The Board recommends that UN-Women redesign the monitoring control related to mandatory training courses in order to mitigate the risks of non-compliance, encouraging the engagement of all governance levels with these personnel obligations in a preventive manner.

111. UN-Women accepted these recommendations.

9. Information and communications technology

Lack of monitoring of information security in UN-Women field offices

112. The UN-Women information security policy, effective since 14 June 2021, establishes that information security is a set of practices intended to keep information and communications technology (ICT) data secure from unauthorized access or alterations, both when it is being stored and when it is being transmitted from one machine or physical location to another. The three pillars of information security are confidentiality, integrity and availability.

113. The ICT infrastructure and telecommunication procedure effective since 1 January 2020 has established roles and responsibilities to carry out the information security compliance in UN-Women.

114. When an office achieves 90 per cent compliance and above with the information security conditions and requirements, the Information Security Manager recommends the Chief of Information Security and Telecommunications to certify the office. Once the office is certified, the Information Security Manager re-validates the office annually to ensure its compliance with the procedure. The Information Security Manager is responsible for managing the information security and compliance of UN-Women and shall monitor non-compliance and report it to management on a regular basis.

115. Likewise, in order to adequately manage cyber security risk, the procedure states that all offices must comply with conditions and requirements for office ICT; for instance the Operations Manager meets headquarters information security (InfoSec) and telecommunications every quarter, to have a disaster recovery plan and/or business continuity plan updated annually.

116. In addition, UN-Women has an InfoSec dashboard hosted in OneApp, to showcase a score for information security compliance across offices. This score represents the maturity level of each office in managing information security that is measured as a score from 0 to 100 and goal fulfilment for each item of security information. The InfoSec dashboard is an internal tool for the information security team as well as individual offices to help prioritize efforts under the information security programme as well as individual offices workplans. It is important to mention that the dashboard information is collected via a questionnaire and it is updated manually by the country office's ICT focal points.

117. On 3 November 2021, the Board reviewed the information on the InfoSec dashboard and noted the following situations:

- (a) There were 57 per cent field offices marked as they had never been certified.
- (b) There were 24 per cent field offices that had been certified but not renewed.
- (c) There were 80 per cent field offices that did not have an up-to-date disaster recovery plan.

118. In addition, according to information recorded in the InfoSec dashboard, UN-Women field offices had low performance attributes compliance (less than 50 per cent) related to the information security's key performance indicator. From all UN-Women field offices:

- (a) 49 per cent of the "End Point Protected" indicator had been achieved.
- (b) 46 per cent of the "overall Infosec compliance" indicator had been achieved.
- (c) 45 per cent of the "InfoSec awareness training" indicator had been achieved.

119. It was not possible to verify that the reporting of the tasks or activities of role's responsibilities to headquarters was performed effectively and with the frequency established in the procedure, since the Entity informed the Board that it was done "typically quarterly", further, there was no documentation of the activities performed by the different aforementioned roles.

120. Lastly, backup information about the UN-Women measures taken regarding information security was requested and the Entity indicated that several actions (tasks) were taken, however the Entity did not provide the supporting documents of tasks achieved.

121. The Board considers that the non-compliance with the information security activities by roles could impact the information security management that the Entity carries out, including the protections of the UN-Women ICT resources from loss or misuse, and, it could increase the financial productivity, and reputational risks, as well as the subsequent decision-making process related.

122. The absence of certification and the inefficiencies in the monitoring process at all governance levels (global, regional and country) could lead UN-Women to have a partial scope and untimely information of the security levels in each country, since the management actions would be based on inaccurate information.

123. Lastly, the implementation of measurement instruments based on local realities (e.g., type of office, staff capacity), adequate workplan performance and documenting the work done or the progress made, could allow the Entity to carry out effective monitoring at each of the UN-Women field offices which would provide for global data on the information security level of the Entity as a whole.

124. The Board recommends that UN-Women perform an information security assessment based on the risks of each type of office at all governance levels (global, regional and country) in order to improve the monitoring process.

125. **The Board recommends that UN-Women update and document the activities related to information security, with timely monitoring, in order to mitigate the risks regarding information security at all governance levels (global, regional and country).**

126. UN-Women accepted these recommendations.

Non-renewal of information security certification

127. The Board noted that the UN-Women Colombia country office and the Asia and the Pacific Regional Office had not renewed their InfoSec certification since 2020 owing to non-compliance with the following conditions and requirements:

(a) The Operations Manager had not held regular meetings with the Information Security and Telecommunications Section at headquarters.

(b) The disaster recovery plan had not been updated and shared with the headquarters information security team during 2021, and the information in InfoSec dashboard had not been updated.

128. In addition, it was not possible to verify that UN-Women headquarters had provided support, directions or guidance for field offices to comply with the tasks or activities established in the procedure for renewing their certificates.

129. The absence of the certification renewal leads to the field offices reporting their security levels in an untimely and inaccurate manner, affecting the visibility of UN-Women headquarters in this regard since management actions would be based on imprecise information.

130. **The Board recommends that the UN-Women Colombia country office and the Asia and the Pacific Regional Office carry out the InfoSec certification renewal in a timely manner, as established in the procedure, in order to mitigate the risks regarding information security.**

131. The UN-Women Colombia country office and the Asia and the Pacific Regional Office accepted the recommendation.

C. Disclosures by management

1. Write-off of losses of cash, receivables and property

132. In accordance with regulation 21.1 of its financial regulations and rules, UN-Women informed the Board that losses of receivables were written off in the amount of \$71,404.61.

2. Ex gratia payments

133. In accordance with regulation 20.6 of its financial regulations and rules, UN-Women informed the Board that no ex gratia payments had been paid in 2021.

3. Cases of fraud and presumptive fraud

134. In accordance with the International Standards on Auditing (ISA 240), the Board plans its audits of the financial statements so that it has a reasonable expectation of identifying material misstatements and irregularity, including those resulting from fraud. Its audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

135. During the audit, the Board made enquiries of management regarding its oversight responsibility for assessing the risks of material fraud and the processes in place for identifying and responding to the risks of fraud, including any specific risks that management had identified or that had been brought to their attention. The Board also enquired whether management had any knowledge of any actual, suspected or alleged fraud, and this included enquiries of the Office of Internal Audit and Investigations. The additional terms of reference governing external audits included cases of fraud and presumptive fraud in the list of matters that should be referred to in its report.

136. In 2021, the Office of Internal Oversight Services (OIOS) of the United Nations completed investigations into 16 cases initially categorized as presumptive fraud or financial irregularities. In five of the cases, no fraud or financial irregularities were substantiated. Eleven cases were substantiated and included procurement, recruitment or staff attendance irregularities, fraud by programme partner personnel, forgery, misrepresentation, waste of resources and conflict of interest. Overall, this included substantiated fraud amounting to \$150,355 and waste of resources amounting to \$26,000. This resulted in actual or potential losses of \$164,747 to UN-Women, not recovered to date. In relation to one of the cases, UN-Women had made provision for a potential loss of \$135,992.

137. To address the substantiated cases, UN-Women had taken or was taking action in accordance with the UN-Women legal policy for addressing non-compliance with United Nations standards of conduct, or UN-Women agreements with related parties, including for loss recovery. UN-Women was also instituting a vendor sanction procedure for vendor-related cases, leveraging the established UNDP vendor sanction infrastructure.

138. As at 31 December 2021, OIOS had under investigation nine cases involving allegations of presumptive fraud or financial irregularities. As at 31 March 2022, OIOS had also completed investigation into two of the cases. One case was found to be unsubstantiated, while one case was substantiated and included fraud by programme partner personnel, totalling \$6,823 and resulting in loss to UN-Women, not recovered to date. UN-Women was taking action in accordance with its agreement with the programme partner, including for loss recovery, and was considering referral of the case to local law enforcement authorities. The seven other cases remained under OIOS investigation and included allegations of financial or procurement irregularities, forgery and waste of resources.

D. Acknowledgement

139. The Board wishes to express its sincere appreciation and gratitude to the management and staff of UN-Women for the assistance and cooperation extended during the conduct of the audit.

(Signed) **Jorge Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

(Signed) **Kay Scheller**
President of the German Federal Court of Auditors

(Signed) **Hou Kai**
Auditor General of the People's Republic of China

21 July 2022

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2020

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
1.	2017	A/73/5/Add.12 , chap. II, para. 44	The Board further recommends that UN-Women (a) ensure that conclusive assessments of the prior year's qualified audit report financial findings is conducted to determine the causes and prevent recurrence of the weaknesses identified; and (b) consider introducing policies that address weaknesses in project management that lead to ineligible expenditure and that guide the administration on proper accounting for ineligible expenditure in prior years to avoid potential misstatements in the financial statements.	UN-Women informed the Board that a conclusive assessment of the prior year's qualified audit report financial findings had been conducted and policies to address weaknesses in project management had been implemented. In this context, the actions that are required before a determination is made could be taken if the financial findings were supported or confirmed as ineligible expenses, leading to actions for recovery via the funding authorization and certificate of expenditure form, refund or write-off and associated accounting entries.	The Board verified that the Entity had conducted a conclusive assessment and introduced policies in the project management area. Therefore, this recommendation is considered implemented.	X			
2.	2018	A/74/5/Add.12 , chap. II, para. 21	The Board recommends that UN-Women consider establishing, at the programme formulation stage, obligatory reporting on the procurement plans of projects that are executed under programmes.	The Entity reported that it had included the requirement for procurement plans as part of the project documents being submitted to the project appraisal committee. This had been done in the revised policy procedure and guidance (update to the appraisal and approval of projects documents (ProDocs)) and preparatory assistance procedure.	The Board reviewed the new requirements stated in the policy on appraisal and approval of project documents and preparatory procedure, as well as the communication from headquarters to the field offices and an example of a procurement plan for a project. Given that the Entity had included the requirement for procurement plans as part of the project documents, the Board concludes that this recommendation is implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
3.	2019	A/75/5/Add.12 , chap. II, para. 22	The Board recommends that UN-Women formalize the categorization of its offices, establishing the definition of the functional setup of each presence type, including minimum functions, positions and resources for both resident and non-resident modalities, as well as the different types of services to be provided. An accurate and updated registry of all offices should also be maintained.	The Entity stated that UN-Women policy, procedure and guidance was promulgated and that it included criteria applicable to whether to establish, change or close a presence and clarifying the roles, responsibilities and accountabilities of stakeholders. In addition, the enterprise data management system was updated, accurate and understood across the house to be the single source of information for UN-Women country presences.	The Board verified the content of the regulation, which incorporated the requirements for closing the recommendation. Therefore, it is considered implemented.	X			
4.	2019	A/75/5/Add.12 , chap. II, para. 58	The Board recommends that the UN-Women multi-country office in Fiji monitor the implementing partners or responsible parties closely so that funding authorization and certificate of expenditure forms are received on time, project expenditures are recorded appropriately and the monitoring role in their activities is fulfilled.	UN-Women reported that the Fiji multi-country office continued to improve its system for tracking and monitoring the timely submission of financial reports by partners. In addition to corporate notifications on upcoming reporting deadlines and monthly updates, an online partner tracking tool had been created. The online tool helped country teams and project managers to manage partner agreements, analyse information on partner financial progress and take corrective action as needed. Furthermore, the Fiji multi-country office had organized training events with partners and with staff on UN-Women financial requirements for reporting (funding authorization and certificate of expenditure forms).	Given that the Entity improved the accounting record in each expenses liquidation and carried out an action plan, which includes partners and staff training and monitoring the status of partner advances, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
5.	2019	A/75/5/Add.12 , chap. II, para. 69	The Board recommends that the UN-Women multi-country office in Fiji ensure that, in the process of reviewing supporting documentation for projects in execution, proper authorizations and reliable information regarding the supporting receipts for the liquidation of an advance are obtained in a timely manner.	The Entity informed the Board that the potential delays observed between the time a partner submits a funding authorization and certificate of expenditure form and UN-Women accounting records were primarily the result of the iterative quality assurance review control and due diligence process exercised by the Fiji multi-country office. This was in line with the corporate cash advance policy and generic partner agreement provisions stating that the project manager shall accept only eligible expenditures that were identifiable and verifiable. Furthermore, starting 2021, the multi-country office had developed and used a generic template for expenditure listing by partners. This had further improved timeliness of review, approval and recording of expenditures in the UN-Women accounting system.	The Board reviewed a sample of supporting documentation for the expenses liquidations reported by the Fiji multi-country office, observing that the Entity had improved the review process for expenses liquidation. Therefore, it is concluded that this recommendation is implemented.	X			
6.	2019	A/75/5/Add.12 , chap. II, para. 75	The Board recommends that UN-Women ensure and reflect the risk factor of implementing partners in the process of reviewing a sample of expenditures through the funding authorization and certificate of expenditure forms.	UN-Women reported that an amendment had been made to the UN-Women funding authorization and certificate of expenditure form in accordance with annexes 8 and 9 to its policy on cash advances and other cash transfers. This amendment required the programme manager to tick a box confirming that the letter of certification was attached, before approving the funding authorization and certificate of expenditure form. The Deputy Director of Financial Management had sent a reminder to all offices and sections to ensure that the	The Board verified the amendment reported by UN-Women. In addition, a sample was taken of the funding authorization and certificate of expenditure forms and the effective use of the letter of certification was reviewed. Given that the Entity improved its sampling process for the review of expenditures, it is concluded that this recommendation is implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
7.	2020	A/76/5/Add.12 , chap. II, para. 31	The Board recommends that UN-Women structure the risk appetite in a statement that determines the types and quantities of risks, with the purpose of achieving its strategic objectives expressed in quantitative and/or qualitative terms.	letter of confirmation for certification of expenditure was used for all liquidations irrespective of whether the sample selected was 100 per cent or a lower percentage value. The Entity informed the Board that the review of UN-Women current exposures and its risk-taking capacity in key areas had commenced. The outputs of this review would feed into the quarterly business review process and would be used to facilitate the drafting of the risk appetite statement.	The Board noted the progress that the Entity had made on training matters. However, considering that the risk appetite statement is still in progress, this recommendation is considered to be under implementation.		X		
8.	2020	A/76/5/Add.12 , chap. II, para. 32	The Board recommends that UN-Women set and incorporate the risk tolerance levels to guide the process of risk assessment, in order to include the risk tolerance at the time of implementation of additional mitigation measures to reduce the risk rating or severity to an acceptable level.	UN-Women stated that the setting and incorporation of risk tolerance levels would be undertaken after the draft risk appetite statement was formulated.	The Board acknowledges the Entity's efforts on this matter; however, the setting and incorporation of the risk tolerance levels is still in progress. Therefore, this recommendation is considered to be under implementation.		X		
9.	2020	A/76/5/Add.12 , chap. II, para. 47	The Board recommends that UN-Women include and increase the frequency of mandatory training on enterprise risk management at different staff levels. This should start with the risk owners and risk focal points of each risk entity and subsequently be rolled out to all staff and personnel who are responsible and accountable for annual work planning and performance reporting.	The Entity reported that it was discussing with internal stakeholders the possibility of including mandatory training. In the meantime, UN-Women had developed an induction package for all new personnel. The frequency of risk management training had been increased through the launch of enterprise risk management learning cafés, which were open to all UN-Women personnel.	The Board noted the progress that the Entity had made on this matter. However, given that the establishment of mandatory courses is still under discussion, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
10.	2020	A/76/5/Add.12 , chap. II, para. 48	The Board recommends that UN-Women evaluate whether the training on enterprise risk management should apply to staff and/or personnel in specific grades.	UN-Women informed the Board that it had concluded that the enterprise risk management training would not be linked to specific staff grades, but instead would be focused on personnel who had specific roles and responsibilities in risk management training. In the meantime, general risk management training and awareness initiatives would remain open for all staff.	The Board reviewed the documents and information provided and confirmed the action taken by the Entity. Therefore, the recommendation is considered to be implemented.	X			
11.	2020	A/76/5/Add.12 , chap. II, para. 61	The Board recommends that UN-Women update the established guidelines on risk assessment, including the standards and requirements for all the risk entities when any of the 24 risks are not applicable.	The Entity stated that the UN-Women risk management procedure and risk management guidance had been updated. The need for risk units to assess all the 24 standardized risks for relevance as part of the risk assessment process was clearly articulated in the updated guidance. The instruction to provide justification where any of these risks was deemed to be not applicable was included in the guidance.	The Board reviewed the new risk management procedure and validated that the document now requires justification for risks considered not to be applicable. Therefore, the Board concludes that this recommendation is implemented.	X			
12.	2020	A/76/5/Add.12 , chap. II, para. 62	The Board recommends that all risk entities of UN-Women evaluate all 24 risks using the standardized risk register template before creating the risks in the enterprise risk management OneApp.	UN-Women informed the Board that it had provided the risk entities with updated guidance to ensure that all risks were evaluated, and the standardized risk register template had been revised to include two mandatory requirements on the inclusion of the applicability of each risk and justification if the risk was identified as not applicable.	The Board reviewed the information provided and verified that the guidance regarding the matter of risk was delivered and that the risk register template had been revised by UN-Women. Therefore, this recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
13.	2020	A/76/5/Add.12 , chap. II, para. 63	The Board recommends that all risk entities of UN-Women keep the most up-to-date standardized risk register template, which should include all the changes resulting from the risk assessment process.	The Entity reported that it required, through the guidance, that risk entities document any changes made as a result of the quality assurance process and record the feedback in the template.	The Board noticed that UN-Women had updated its risk management procedure in order to comply with the requirement for risk entities to keep the latest standardized risk register template. However, the Board reviewed the templates of all risk entities in three regions, identifying differences between the template and the risks created in the enterprise risk management OneApp in all three. Therefore, this recommendation is considered to be under implementation.		X		
14.	2020	A/76/5/Add.12 , chap. II, para. 75	The Board recommends that UN-Women update the correct designation of risk focal points and risk owners, ensuring that no risk entity has one or both roles undesignated or designated to separated personnel in order to avoid the misplacement of responsibilities.	The Entity stated that it had conducted a quarterly review of risk owner and risk focal point roles to ensure that the correct designations of the roles were in the system and that no risk entity had one or both roles undesignated. In the review it had also verified that separated personnel were properly removed from the system and did not hold roles. With the new information and communications technology (ICT) access control management procedure, all separated personnel no longer had access to any applications in the OneApp system, including the enterprise risk management system, within 10 days of the contract end date.	The Board reviewed the information provided by UN-Women and confirmed the correct designation of risk focal points and risk owners. Therefore, this recommendation is considered to be implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
15.	2020	A/76/5/Add.12 , chap. II, para. 76	The Board recommends that UN-Women perform on a regular basis reviews of the users assigned in the platform to the roles of risk focal point and risk owner, increasing the current frequency of the reviews with the purpose of keeping information up to date.	UN-Women reported that it had taken steps to perform regular reviews of users assigned in the risk management system and to ensure that risk focal points and risk owners were correctly designated with appropriate rights.	The Board reviewed the information provided by UN-Women and confirmed the correct designation of risk focal points and risk owners. Therefore, this recommendation is considered to be implemented.	X			
16.	2020	A/76/5/Add.12 , chap. II, para. 77	The Board recommends that UN-Women enhance its risk management system for the optimal inclusion of all evaluated risks in the enterprise risk management OneApp platform in order to improve the visibility of all risks and facilitate the quality assurance process.	UN-Women informed the Board that it was considering several options to enhance the risk management system for the optimal inclusion of all evaluated risks in the enterprise risk management system. The planned enterprise risk management system enhancements were linked to the decisions on the planning and results reporting workstreams, noting the inherent linkages between risk management and strategic planning.	The Board acknowledges the progress that the Entity has made; however, its efforts are still in progress. Therefore, this recommendation is considered to be under implementation.		X		
17.	2020	A/76/5/Add.12 , chap. II, para. 85	The Board recommends that UN-Women establish that the Chief Risk Officer, working with the risk management function, determine the guidelines on those cross-cutting risks in UN-Women and implement a review at the central level through the headquarters risk management function and the regional office risk management functions, analysing and determining to which risks UN-Women is exposed.	The Entity reported that it promulgated the risk management committee terms of reference. Under the established procedure, the Chief Risk Officer regularly reported on cross-cutting risks in the context of the corporate and regional risk profiles to the risk management committee. The risk management committee ensured that the corporate and regional risk profiles accurately captured cross-cutting risks. The bottom-up aggregation, analysis and reporting of unit level risks had been completed for 2021.	The Board reviewed the risk management committee terms of reference and the UN-Women-determined corporate risk profile, verifying that the analysis of cross-cutting risks had been correctly performed by the Entity. Therefore, the Board considers this recommendation to be implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
18.	2020	A/76/5/Add.12 , chap. II, para. 86	The Board recommends that UN-Women ensure that the risk owners and risk focal points examine the procedures regarding how the controls or mitigation actions for risks are identified to ensure that they include clear, measurable, quantifiable and time-bound actions to guarantee that the likelihood and/or the impact of the risk identified can be sufficiently reduced or mitigated.	UN-Women stated that it had revised the risk management procedure to provide more explicit instruction and guidance with regard to the formulation of mitigating actions. This guidance had been reiterated during four webinars with risk focal points, and the standardized risk register template included key fields related to risk treatment and risk monitoring and review. Lastly, one of the seven criteria assessed by headquarters and regional risk focal points as part of the quality assurance of risk registers was focused on the risk treatment (mitigating actions), including if the mitigating actions were measurable, time-bound, specific and assigned to a mitigating action owner.	The Board verified that UN-Women had performed training on this matter and promulgated an updated risk management procedure. However, the Board reviewed a sample of mitigating actions created in the enterprise risk management in OneApp, noting that some of these were unclear, non-measurable or non-quantifiable. Therefore, this recommendation is considered to be under implementation.		X		
19.	2020	A/76/5/Add.12 , chap. II, para. 103	The Board recommends that UN-Women implement a review process on the information reported to the Secretariat to ensure that it is consistent with the signed donor agreements.	The Entity reported that it had completed the required actions and submitted first, second, third and fourth quarter levy reports for 2021 and the revised United Nations Development Coordination Office levy guidance, and revised the United Nations standard operating procedure guidance and additional clarification documents had been submitted.	The Board reviewed the quarterly reports, identifying that the review process to ensure that the information reported to the Secretariat has been strengthened. Therefore, the Board considers this recommendation to be implemented.	X			
20.	2020	A/76/5/Add.12 , chap. II, para. 115	The Board recommends that UN-Women continue to refine its accounting policies and revise its contribution recognition procedures, specifically multi-year donor agreements, and add receivables and revenue,	UN-Women informed the Board that it had promulgated the revised revenue management policy, in line with the IPSAS Board issuance of a new accounting standard on revenue recognition. The United Nations Inter-Agency task force had been	The Board reviewed the new revenue policy and the contributions recognition process for the financial statements for the year-end of 2021, validating that UN-Women policy and accounting practices include the	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			where necessary, establishing an enhanced criterion for decision-making on recognizing non-exchange transactions, in line with IPSAS.	appointed to the IPSAS Board's drafting committee, and the new accounting standard was expected to be issued in 2022.	entire revenue recognition, as well as multi-year agreements, in line with IPSAS 23. Therefore, the Board concludes that this recommendation is implemented.				
21.	2020	A/76/5/Add.12 , chap. II, para. 127	The Board recommends that UN-Women identify and take the measures necessary to perform the deprovisioning and updating of user accounts and the monitoring in all its systems in a timely manner.	UN-Women reported that it had promulgated the new ICT access control management procedure to strengthen user account management. In addition, monthly meetings to review user accounts were conducted to resolve discrepancies and discuss system automations and improvements. The procedure had been implemented through the strengthening of the provisioning and deprovisioning system for user accounts, with a focus on ensuring that accounts were deprovisioned at the recorded end date of personnel contracts.	The Board reviewed the information provided by UN-Women and confirmed the reported improvements. Therefore, the recommendation is considered implemented.	X			
22.	2020	A/76/5/Add.12 , chap. II, para. 142	The Board recommends that UN-Women carry out and formalize the end-to-end programme partner policies and procedures, especially with regard to strengthening the monitoring mechanisms applied to programme partners in situations of crisis when no mandatory on-site monitoring activities are possible, in order to ensure that they are effectively undertaken.	The Entity stated that it was finalizing the draft procedure for the monitoring of programme partners, which included monitoring mechanisms applied to programme partners in situations of crisis when no mandatory on-site monitoring activities were possible, in order to ensure that programme implementation was effectively undertaken. This procedure would be finalized with the overarching partner management policy and other associated procedures. UN-Women would also incorporate monitoring mechanisms in the fast-track procedures for programmes that deal with crisis situations. The	Since the Board verified that the draft procedure for monitoring of programme partners was still under discussion and its promulgation was pending, this recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
23.	2020	A/76/5/Add.12 , chap. II, para. 150	The Board recommends that the UN-Women West and Central Africa Regional Office, notwithstanding the COVID-19 pandemic, ensure compliance with the policy on cash advances and other cash transfers to partners, in order to reflect the periodicity of implementing partner and/or responsible party reports within the terms established therein.	<p>procedure for the monitoring of programme partners would be sent for stakeholder consultation in March 2022. UN-Women aimed to promulgate the procedure in the second quarter of 2022.</p> <p>UN-Women reported that, to comply with the periodicity of submission for narrative and financial reports by implementing partners and/or responsible parties, the West and Central Africa Regional Office had stressed the required compliance with the cash advance policy and for close follow-up with the partners for the timely submission of the reports to the project managers. New features of partner and grant agreement management system had recently been set up and the project managers automatically received, on a regular basis, email notifications reminding them of the upcoming date of reporting related to cash advances paid. The Regional Office, with additional resources, was strengthening the close monitoring of timely report submission and capacity development through the training of the UN-Women project team and partners.</p>	The Board verified that the Regional Office does not comply with a uniform periodicity of reports submission by implementing partners and/or responsible parties. Therefore, the Board considers this recommendation to be under implementation.		X		
24.	2020	A/76/5/Add.12 , chap. II, para. 161	The Board recommends that UN-Women ensure compliance with the delivery of the letter of confirmation for the certification of expenditure, demonstrating the proper percentages assigned for the documented	UN-Women informed the Board that an amendment had been made to the UN-Women funding authorization and certificate of expenditure form in accordance with annexes 8 and 9 to its policy on cash advances and other cash transfers. This amendment	The Board reviewed the new requirements indicated in the policy and the communications from headquarters to the field offices. Given that the Entity improved its sampling process for the review of expenditures, the Board concludes that this	X			

No.	year	Audit report Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
			review of expenditure for liquidation of the partner advance, in accordance with the current policy.	required the programme manager to tick a box confirming that the letter of certification was attached, before approving the funding authorization and certificate of expenditure form. The Deputy Director of Financial Management had sent a reminder to all offices and sections to ensure that the letter of confirmation for certification of expenditure was used for all liquidations irrespective of whether the sample selected was 100 per cent or a lower percentage value.	recommendation is implemented.				
25.	2020	A/76/5/Add.12 , chap. II, para. 169	The Board recommends that UN-Women make the final evaluations to the partners so that their performance is considered in new projects.	The Entity reported that it had included a programme partner final evaluation as part of the closure process for a partner agreement in the partner and grant management agreement system. This final evaluation is available to all UN-Women personnel.	The Board reviewed the performance evaluations of partners in the partner and grant management agreement system, and detected that agreements were in "closure" stage and "approved" status. The Board noted that the Entity had fulfilled the requirements concerning this recommendation. Therefore, it is considered implemented.	X			
26.	2020	A/76/5/Add.12 , chap. II, para. 170	The Board recommends that UN-Women register and share positive or negative results obtained by the partners among UN-Women offices.	The Entity stated that it had included a programme partner final evaluation as part of the closure process of partner agreement in the partner and grant management agreement system. This final evaluation is available to all UN-Women Personnel.	The Board analysed the information provided by UN-Women and confirmed the reported improvements. Therefore, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
27.	2020	A/76/5/Add.12 , chap. II, para. 178	The Board recommends that UN-Women update its procedure for the preparation of donor reports in order to reflect the actual process that should be performed by all offices during the preparation and the quality control of donor reports.	UN-Women informed the Board that it had revised the preparation of donor reports procedure to reflect the actual process that should be performed by all offices during the preparation and review for quality assurance of donor reports. The new procedure also incorporated a standardized process and workflow for reviewing donor reports for the regional offices to follow and included a donor report assessment sheet that the regional offices would complete for every report reviewed and that they would use to provide feedback to the country offices.	The Board verified that the current procedure represents the actual workflow that is performed in UN-Women. The Board noted that UN-Women had fulfilled the requirements for this recommendation. Therefore, the recommendation is considered implemented.	X			
28.	2020	A/76/5/Add.12 , chap. II, para. 191	The Board recommends that UN-Women comply with the deadline stipulated in its financial regulations and rules and in the Division of Management Administration's finance manual and standard operating procedure (extract for field offices) for operational and financial closure, giving due consideration to the project agreements dates.	The Entity reported that the Financial Management Section, through the Virtual Global Service Centre, continued to monitor and support financial project closure and the Support Management Unit continued to monitor and support operational project closure. The month-end checklist required all offices and sections to close projects operationally and financially within the time frame specified in the financial regulations and rules. The Deputy Director of Financial Management gave the Executive Director monthly reports on non-compliance, by region and headquarters section, with the financial regulations and rules. In addition, the dashboard provided real-time updates for oversight purposes. Lastly, the opening and	The Board reviewed all the supporting documents provided by UN-Women for project closure. Considering the preparation, update, and execution regarding the regulations used by the Financial Management Section, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
29.	2020	A/76/5/Add.12 , chap. II, para. 192	The Board recommends that UN-Women clarify the existing procedures regarding closure steps specifically for project reopening.	closing of projects that had been closed had been revised in the finance manual promulgated on 1 October 2021. The Entity stated that the Financial Management Section, through the Virtual Global Service Centre, continued to monitor and support financial project closure, and the Programme Support Management Unit continued to monitor and support operational project closure. The month-end checklist required all offices and sections to close projects operationally and financially within the time frame specified in the financial regulations and rules. The Deputy Director of Financial Management gave the Executive Director monthly reports on non-compliance, by region and headquarters section, with the financial regulations and rules. In addition, the dashboard provided real-time updates for oversight purposes. Lastly, the opening and closing of projects that had been closed had been revised in the finance manual promulgated on 1 October 2021.	The Board verified that the Entity had fulfilled the requirements concerning this recommendation. Therefore, this recommendation considered implemented.	X			
Total number of recommendations						29	21	8	0
Percentage of total number of recommendations						100	72	28	0

Chapter III

Certification of the financial statements

Letter dated 30 April 2022 from the Director of the Division of Management and Administration of the United Nations Entity for Gender Equality and the Empowerment of Women addressed to the Chair of the Board of Auditors

Pursuant to financial rule 1201, I certify that, to the best of my knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements for the year ended 31 December 2021.

I acknowledge that:

The management is responsible for the integrity and objectivity of the financial information included in these financial statements;

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards and include certain amounts that are based on the management's best estimates and judgments;

Accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that, overall, policies and procedures are implemented with an appropriate segregation of duties. The internal auditors continually review the accounting and control systems;

The management provided the internal auditors with full and free access to all accounting and financial records.

The recommendations of the Board of Auditors and internal auditors are reviewed by the management. Internal control procedures have been revised or are in the process of revision, as appropriate, in response to those recommendations.

I am in receipt of a letter of certification from the Chief Finance Officer, Bureau for Management Services, United Nations Development Programme (UNDP), which provides the same assurances with respect to UNDP accounting procedures and related systems of control to the extent that services are provided by UNDP to the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), in accordance with the service level agreements currently in force.

(Signed) Moez **Doraid**
Director, Division of Management and Administration
United Nations Entity for Gender Equality
and the Empowerment of Women

Chapter IV

Financial report for the year ended 31 December 2021

A. Introduction

1. The Executive Director of the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has the honour to submit the financial report for the year ending 31 December 2021, together with the audited financial statements and the report of the Board of Auditors. This submission is made in compliance with regulations 12.1 and 26.2 of the financial regulations and rules of UN-Women. The annual financial statements cover all the resources for which the Executive Director is responsible.

2. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and were transmitted to the Board of Auditors on 30 April 2022. The Advisory Committee on Administrative and Budgetary Questions has received the financial statements of UN-Women for 2021, as required by financial rule 1202. The Board of Auditors has given its opinion and report on the 2021 financial statements, both of which are also submitted to members of the Executive Board.

3. The achievement of gender equality, the empowerment of women and girls and the realization of their human rights are objectives in themselves as well as prerequisites and drivers for sustainable development, peace and security and human rights and humanitarian action. UN-Women has completed its tenth year of operating as a composite entity since its creation by the General Assembly in resolution [64/289](#). The Assembly, the Economic and Social Council and the Commission on the Status of Women provide guidance for the normative support functions of UN-Women; the Assembly, the Council and the Executive Board of UN-Women provide guidance for its operational activities.

B. Resource mobilization and funding status

4. For the purpose of chapter IV, section B, of the present financial report, revenue figures are based on revenue recognition in accordance with management accounts reporting so as to facilitate comparison with the integrated budget. Revenue is recorded and reported in accordance with the financial regulations and rules requirements for contributions, schedule of payments or milestones. This is different from revenue recognition in the financial statements, as shown in section D, Financial performance, paragraph 43.

5. In 2021, despite COVID-19 -related challenges, UN-Women received a total of \$556.3 million in contribution revenue, exceeding \$500 million for the third year in a row. This demonstrated the confidence that the Entity's funding partners have in the organization as a reliable custodian of their resources.

6. The Entity's operational activities are funded mainly by voluntary contributions (98 per cent in 2021), comprising regular resources and other resources. Assessed contributions (2 per cent in 2021) are received from the United Nations Secretariat to contribute to the normative support functions of UN-Women.

7. The Entity's integrated budget comprised an estimated total of \$485 million in voluntary contributions in 2021, \$200 million in regular resources and \$285 million in other resources. A total of \$165.1 million (\$35 million less than projected) was received towards regular resources and a total of \$381.2 million (\$96 million more than projected) was received towards other resources.

8. The largest share of the Entity's funding was from Governments, providing 77 per cent of total voluntary contributions. The top 15 Government and/or intergovernmental contributors were Australia, Austria, Canada, Denmark, the European Commission, Finland, Germany, Japan, the Netherlands, Norway, the Republic of Korea, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

9. Multilaterals were the second largest contributors. This category has been growing year on year, largely influenced by the increasing number of joint programmes and collaborations with other agencies. In 2021, funding from multilaterals grew by 9 per cent, reaching \$99 million.

10. UN-Women continues to strengthen its efforts to diversify its funding sources, focusing on growing partnerships with the private sector, including corporations and foundations, strengthening the network of national committees to increase contributions from private individuals and leveraging advocacy activities. Funding from national committees grew by 25 per cent, reaching \$4.9 million. Despite COVID-19 heavily impacting businesses worldwide, the revenue from corporations was down only by 5 per cent (from \$5.8 million in 2020 to \$5.5 million in 2021). Revenue from foundations declined more significantly, by 17 per cent (from \$13.6 million in 2020 to \$11.3 million in 2021). Among the top private sector contributors were the BHP Billiton Foundation, the Bill and Melinda Gates Foundation, the Iceland National Committee, the Alipay Foundation and De Beers PLC.

11. UN-Women expresses its sincere appreciation and gratitude to its funding partners in 2021. As the Entity begins the implementation of the new strategic plan, it counts on its partners to ensure that it is adequately resourced. The organization will continue to strengthen its existing public sector partnerships, nurture relations with emerging partners and grow partnerships with the private sector. The Entity also aims to leverage United Nations system coordination work to cultivate and grow partnerships with other United Nations agencies and intergovernmental organizations, including international financial institutions, to accelerate progress on gender equality and, through joint resource mobilization efforts, increase its revenue. The organization will also build on the successful use of the Gender Equality Marker in the COVID-19 response and recovery multi-partner trust fund to advocate for the application of financial targets for the Gender Equality Marker to other pooled funding mechanisms, increasing funding for gender equality work.

C. Major achievements, institution-building and progress on organizational effectiveness and efficiency in 2021

1. Implementation of strategic priorities

12. The year 2021 represented the final year of implementation of the UN-Women strategic plan 2018–2021 and its five outcome areas: (a) a comprehensive and dynamic set of global norms, policies and standards on gender equality and women's empowerment is strengthened and implemented; (b) women lead, participate in and benefit equally from governance systems; (c) women have income security, decent work and economic autonomy; (d) all women and girls live a life free from violence; (e) women and girls contribute to and have greater influence in building sustainable peace and resilience, and benefit equally from the prevention of natural disasters and conflicts and from humanitarian action.

13. The period 2018–2021 saw increased sociopolitical and humanitarian instability and complex, protracted global crises. The COVID-19 pandemic exposed deep structural inequalities; reversed decades of progress on women's labour force

participation; raised the numbers of women living in extreme poverty; and significantly increased women's and girls' vulnerability to violence in private, public and online settings. UN-Women learned important lessons about its added value, and shaped and refined interventions accordingly, designing the strategic plan 2022–2025 to intentionally address structural barriers and tackle the root causes of gender inequality and exclusion so as to leave no one behind. Unprecedented awareness and commitment among partners and strong global frameworks such as Our Common Agenda centred gender equality in the work of the United Nations system and underlined the urgency of the UN-Women mandate, as well as its unique contributions in the face of concern about stalled progress in achieving the 2030 Agenda.

14. The Entity's growing organizational maturity enabled it to respond with agility to develop evidence-based, results-oriented knowledge products and policy guidance. These demonstrated value growth and progress since 2017, such as working with government partners and other stakeholders to promote women's rights and make institutions and laws deliver better for women and girls, including the most vulnerable.

15. UN-Women developed country, regional and headquarters typologies to better ensure appropriate presence, configured to best support Member States and is deploying the personnel, corporate tools and capacities needed to deliver at scale and with appropriate risk management.

16. UN-Women delivered programme support in 98 countries and territories in 2021 (2020: 95), with programme expenditures reaching a record \$431.8 million (2020: \$341.4 million). Expenditures in the field have increased by 80 per cent over the past five years. Joint programmes accounted for a record 31 per cent of the Entity's total programme expenditures, a significant increase from 18 per cent in 2018. In 2021, 64 per cent of all Cooperation Frameworks and remaining United Nations Development Assistance Frameworks featured gender equality results at outcome results levels, rising to 70.4 per cent for the 29 Cooperation Frameworks developed in 2021. Of 130 United Nations country teams, 113 implemented one or more joint programmes with a focus on Sustainable Development Goal 5 on gender equality.

17. UN-Women achieved positive results overall in 2021, the final year of its strategic plan 2018–2021. Seventy-seven per cent of targets set at the outcome level were met. Good performance (within 10 per cent of the targets) was achieved for 91 per cent of indicators at the development results output level (78 per cent of the targets were met).

18. UN-Women consistently sustained high-level support to Member States in strengthening and translating global norms on gender equality into national laws and policies. The Entity supported capacity-building, facilitated dialogue among stakeholders and provided substantive policy advice targeted to intergovernmental processes. In 2021, outcome-level performance, which depends on the political climate at the global level, was uneven. Eighty-seven per cent of recommendations in the report of the Secretary-General on the priority theme, which is produced by UN-Women and provides strong knowledge and evidence, were reflected in the agreed conclusions adopted by the Commission on the Status of Women (100 per cent in 2018). Forty-five per cent of all General Assembly resolutions included a gender perspective (same as in 2018). At the high-level political forum on sustainable development, 75 per cent of voluntary national reviews included gender perspectives (81 per cent in 2018). Among Member States, the level of satisfaction with the support provided by UN-Women, including for sessions of the Commission on the Status of Women during COVID-19, remained steady (77 per cent in 2018, and 76 per cent in 2021).

19. Largely in support of the Generation Equality Forum, 292 dialogues were convened and platforms created by UN-Women across the world for NGOs to contribute to global policy discussions (45 in 2018).

20. UN-Women strengthened the reflection of gender perspectives in the work of the Human Rights Council, including in relation to the universal periodic review and in support of the work of special procedures mandate holders. The Entity continued to bolster implementation of the Convention on the Elimination of All Forms of Discrimination against Women in all regions. This included support for countries in reporting to and preparing for dialogue with the Committee on the Elimination of Discrimination against Women, following up on concluding observations and to civil society and United Nations country teams to prepare reports to the Committee. In 2021, the Entity supported 100 per cent of country team reports to the Committee (83 per cent in 2018), including in coordinating and leading the process of preparing the reports.

21. While COVID-19 presented significant challenges, UN-Women worked with partners to integrate gender equality priorities into response and recovery plans and budgets. In 2021, UN-Women, in collaboration with partners, contributed to major achievements towards gender equality and women's empowerment. Eight new national development strategies were supported to be gender-responsive. UN-Women contributed to the development, implementation and costing of 13 national action plans for gender equality. Capacity strengthening of 14 ministries of finance supported gender mainstreaming in public finance management systems. Some 11,500 women benefited from skills-building on political leadership and electoral campaign management, and 40 policies and innovative tools were developed to address violence against women in politics. Strengthened gender expertise and knowledge in national AIDS coordinating bodies across 15 countries resulted in more gender-responsive HIV programming. Seven thousand women living with HIV were supported to improve their leadership capacities and access decision-making spaces. A total of 232 legislative reform initiatives were undertaken, many addressing discriminatory laws and practices. Ten countries integrated gender statistics into their national statistics strategies and UN-Women supported nine surveys and strengthened national data systems to increase the availability of gender-sensitive Sustainable Development Goal indicators to 40 per cent (up from 26 per cent in 2016).

22. UN-Women contributed to the strengthening of women's income security and economic autonomy by supporting the development and/or implementation of 20 new or improved gender-responsive policies on land rights and supporting the adoption of 55 legal and policy frameworks on decent work for women, 45 laws and regulations on the care economy and 19 laws and policies on gender-responsive social protection. In addition, 1,615 companies signed the Women's Empowerment Principles.

23. In response to the "shadow pandemic" of violence against women and girls in COVID-19, UN-Women scaled up efforts to address this escalation in violence, including through innovative adaptation of responses and increased flexible resourcing for civil society organizations, in particular, women's rights organizations as first responders. With the Entity's continued advocacy, technical support, knowledge production and convening of policy dialogues, 17 countries adopted or strengthened legislation against violence against women and girls in private and public spaces and 5 countries adopted legislation to prevent, investigate, sanction and redress femicide. Technical support helped nine countries develop or improve guidelines, protocols and standard operating procedures to provide quality services to survivors. Seventeen new Safe Cities and Safe Public Spaces partnerships were established. This period also brought unique opportunities to propel transformative change, in particular through the Entity's convening of the Generation Equality Forum. More than 400 commitment makers signed up to the Action Coalition on Gender-Based Violence. In 2021, the United Nations trust fund supported projects reached 41,782,089 people in 68 countries and territories, with grants totalling \$74.7 million.

24. UN-Women continued its efforts to increase women's engagement and leadership in peacebuilding, humanitarian response and disaster risk reduction efforts. Of the resolutions adopted by the Security Council in 2021, 69 per cent referenced gender equality issues. The share of peace agreements with gender provisions doubled, from 13.8 per cent in 2018 to 28.6 per cent in 2020. As of 2021, 86 national action plans (60 in 2018) include frameworks and indicators to monitor results, but more work is needed to ensure adequate budget allocations. All United Nations-led or co-led peace processes included women in mediation teams and negotiating parties, consulted women's civil society organizations and received technical gender expertise, up from 83.3 per cent in 2018. UN-Women supported 646 civil society organizations to influence formal and informal peace processes with financial and technical support. On behalf of the Inter-Agency Standing Committee Gender Reference Group, UN-Women continues to lead monitoring efforts to maintain accountability for gender equality in humanitarian action across 31 crisis contexts.

25. Among publicly available humanitarian needs overviews, 75 per cent included gender analysis, and UN-Women extended gender expertise to 87 per cent of humanitarian cluster systems. More than half a million crisis-affected women and girls, including refugees, internally displaced persons and returnees benefited from Entity-supported humanitarian services, including through women's safe spaces and empowerment hubs, and UN-Women supported 1,241 local women's organizations and groups (498 in 2018) in participating meaningfully in humanitarian planning processes, improve gender-equitable outcomes and increase access to critical humanitarian services among crisis-affected women and girls. The Entity provided technical support to gender-responsive disaster risk and post-disaster needs assessments to nine countries.

26. Geographically, the highest level of expenditure continued to be in sub-Saharan Africa, followed by Asia and the Pacific and the Arab States. Thematically, work on ending violence against women had the highest expenditure, followed closely by work on peace and security and humanitarian action.

27. UN-Women continued to lead, coordinate and promote the accountability of the United Nations system on gender equality and women's empowerment. The Entity contributed to integrating gender perspectives across the three pillars of the United Nations through, inter alia, its participation in the Chief Executives Board for Coordination, the Secretary-General's Executive Committee and the United Nations Sustainable Development Group, and as chair or co-chair of gender equality-focused coordination mechanisms at all levels. In 2021, a new record of 71 United Nations entities and 61 United Nations country teams reported against the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP 2.0) and the United Nations country team System-wide Action Plan gender equality scorecard (UNCT-SWAP), respectively. Finally, UN-Women continued to lead and coordinate the system-wide network of gender focal points for gender parity, strengthening the capacities of 120 United Nations entities, departments and offices to implement the Secretary-General's system-wide Strategy on Gender Parity, the Enabling Environment Guidelines and the field-specific guidelines.

2. Organizational effectiveness and efficiency

28. Over the years, UN-Women has invested in becoming a more efficient partner to effectively drive the agenda on gender equality and women's empowerment. The Entity built on its United Nations coordination mandate to harness synergies and strengthen accountabilities across the United Nations system, expand partnerships, streamline and strengthen existing processes and systems, and improve governance and oversight mechanisms. UN-Women continued to demonstrate strong management and internal controls in 2021, receiving its tenth consecutive unqualified audit opinion on its financial

statements from the Board of Auditors and implementing all prior years' external audit recommendations. This confirms that the financial statements are in accordance with IPSAS and that transactions tested as part of the audit have in all significant respects been in accordance with the financial regulations and rules of UN-Women.

29. UN-Women continued its efforts to strengthen and expand partnerships for gender equality and women's empowerment. The Generation Equality Forum was the highest profile UN-Women initiative to mark the twenty-fifth anniversary of the Beijing Declaration and Platform for Action. It catalysed ambitious policy, programme and advocacy commitments from Governments, philanthropy, civil society, youth organizations, international organizations and the private sector, as well as \$40 billion in financial commitments to accelerate progress in six critical action areas outlined in a Global Acceleration Plan launched at the Forum. More than 50,000 participants were engaged in the co-creation process and the Forum. By centralizing the voices of a variety of actors, including civil society and youth, in a model of shared decision-making, the Forum expanded multi-stakeholder support and accountability for gender equality for the next five years. UN-Women leveraged a wide range of communications channels, exceeding its strategic plan targets. Building on partnerships, through the growing Media Compact, and investment in cutting-edge digital content and social media, UN-Women drove public and media awareness of diverse gender equality issues, including with regard to COVID-19. The Entity's visibility in the media continued to increase, with 52,852 news articles mentioning UN-Women in 2021, representing an increase of more than 20 per cent in media mentions from 2020. Social media reached 12.5 million followers in 2021. HeForShe reached a growing audience of 3.4 million supporters. The UN-Women website was visited by 11.6 million unique visitors in 2021, an increase of more than 50 per cent from 2020.

30. UN-Women supported gender equality advances through cutting-edge, evidence-based knowledge products and policy guidance at the global, regional and country levels. Fifteen new country gender equality profiles were developed by country offices in 2021 to inform common country analyses and cooperation frameworks. In addition, the UN-Women Training Centre provided 106,762 participants with new knowledge and skills on gender equality and women's empowerment. In all, 98 per cent of evaluation reports were rated "good" or "very good", exceeding the strategic plan target.

31. Throughout 2021, UN-Women continued to strengthen its business processes, corporate systems, risk management practices and personnel capacity, leveraging partnerships within the United Nations system for better efficiency and effectiveness. The Entity continued its implementation of the new enterprise resource management system, Quantum, as part of a consortium with UNDP. UN-Women continued to demonstrate increased absorptive capacities for programme and project implementation, exceeding its 2021 target for other resources. Through the pandemic, UN-Women continued to support its COVID-19 response efforts with rapid response procurement and fast-track recruitment procedures. Mental health and well-being support for all personnel was bolstered and guidance provided on navigating the "new normal" and the future of work. The Entity reinforced partnerships with other United Nations entities on human resources management, inter alia, by launching the Young Women Leaders programme in collaboration with United Nations Volunteers in 2021, using the UNICEF learning management system and providing online United Nations System Staff College leadership courses for all personnel.

32. From 2018 to 2021, the Entity's global financial management network expanded, ensuring cohesive delivery and oversight of financial services and accounting through knowledge sharing, co-created solutions, cross-regional collaboration, field office capacity-building, service delivery and streamlining and efficiency initiatives.

33. UN-Women witnessed steady progress in the timeliness of donor reports, improving from 75 per cent in 2020 to 85 per cent in 2021.

34. The Entity continued to strengthen risk management using bottom-up operational risk assessments led by risk owners and top-down assessments led by the Risk Management Committee. Consequently, the organization maintained a compliance rate of 97 per cent of risk units meeting enterprise risk management requirements.

3. Transparency and accountability

35. The Independent Evaluation and Audit Services continued to be independent of the Entity's management operationally and in determining and reporting on the scope of their work. They were a regular proactive observer and adviser of the senior management team, Business Review Committee, project board for the enterprise resource planning system implementation and other forums. The Advisory Committee on Oversight also reports to the Executive Board at its annual session on the Committee's advice to the Executive Director. The Committee contributes to the promotion of a culture of oversight. Its members assist the Executive Director in her oversight duties.

36. Lessons and recommendations from evaluations and internal audits were used by UN-Women to inform key strategic planning processes, including the development of the new strategic plan 2022–2025, endorsed in 2021 by the Executive Board. In 2021, this included six corporate evaluations and studies, as well as a meta-synthesis of UN-Women evaluations. To contribute to successful implementation of the new strategic plan, in 2021 the Independent Evaluation Service also updated the global UN-Women Evaluation Strategy and developed the Corporate Evaluation Plan for 2022–2025.

37. In terms of evaluation key performance indicators, in 2021 UN-Women continued to see overall progress. A total of 98 per cent of field offices appointed at least one monitoring and evaluation officer or focal point, and 97 per cent of field offices completed at least one evaluation during their strategic note cycle. A total of 97 per cent of planned evaluations were being implemented. With regard to the evaluations completed in 2021, 98 per cent were externally assessed as “good and above”. Five regional and eight country portfolio evaluations were completed, while two and nine, respectively, were initiated. There were increases in the total number of strategic evaluations and those led by the Independent Evaluation Service. A total of 97 per cent of completed evaluations had received a management response at the time of reporting, and the implementation of agreed management actions for evaluations completed in the previous year was 85 per cent. A total of 94 per cent of relevant offices reported that they were using evaluations.

38. In 2021, the Independent Evaluation Service continued to invest in substantive knowledge-sharing and communication through the use of user-friendly and accessible knowledge products, learning partnerships and initiatives and online and social media that encouraged UN-Women personnel and stakeholders to use evaluations. In 2021, the Global Accountability and Tracking of Evaluation Use (GATE) system had more than 30,000 unique views (a 40 per cent increase from 2020) and the Entity's evaluation pages had more than 27,000 unique views. The Gender Equality Evaluation Portal also maintained its number of users at more than 5,000 unique views.

39. Internal audit engagements generally covered governance, risk management and controls in the selected offices or were related to the Entity's systems and processes. In 2021, the Internal Audit Service conducted 16 internal audit and advisory engagements related to the 2021 audit plan, with 14 final reports issued by mid-March 2022 and 2 internal audits carried forward to 2022. Three audited offices (systems, processes) were rated as “satisfactory”, five as “some improvement needed”, three as “major improvement needed”, while the remaining three were advisory or other engagements, which used a different assessment methodology.

40. The implementation rate of internal audit recommendations prior to those made in 2021 was 94 per cent, based on the rolled forward statistics for the past five years. This implementation rate has been above the corporate target of 80 per cent for the past seven consecutive years. The 2021 annual overall opinion of the Internal Audit Service was that, based on the internal audit work performed in 2021, the Entity's governance, risk management and control processes were generally established and functioning but needed some improvement. The Service noted the efforts UN-Women made to enhance governance and risk management in 2021. At the same time, the Service's 2021 audit and advisory assignments identified some overarching areas for improvement that require executive management attention. These are summarized in the 2021 annual report on internal audit and investigation services. Updates on management actions to address these overarching areas for improvement are presented in the Management response to the 2021 annual report on internal audit and investigation services.

41. In 2021, UN-Women also continued with financial transparency by reporting on all six financial data standards set out in the data cube initiative. The Entity's International Aid Transparency Initiative score was maintained at 87, up from 78 in 2018.

4. External audit recommendations

42. The management of UN-Women is committed to implementing the external audit recommendations issued by the Board of Auditors and has made significant achievements, as reported in 2021. For the first time, no external long outstanding and no outstanding prior years' (i.e. for 2019 and prior) external audit recommendations remained. The financial year 2021 has been a challenging year for everyone, including UN-Women, with the operational restrictions imposed by the COVID-19 pandemic. Nonetheless, UN-Women implemented 15 of the 23 audit recommendations issued by the Board for 2020. The Entity's closure rate as at 31 December 2021 for prior years' external audit recommendations is 72 per cent.

D. Financial performance

Summary of financial results

43. During 2020, following a recommendation from the external auditors, UN-Women revised its revenue recognition policy. Under the previous policy, UN-Women recognized revenue based on payment plan due dates included in the donor agreements, which served as a proxy for identifying the period in which programmatic activities were being carried out and conditions were met. Under the new policy, revenue is recognized in full, including for multi-year contributions, at the time the agreement is signed, as agreements are taken to have stipulations and restrictions rather than conditions. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature.

44. The main financial results for 2021 are summarized as follows:

(a) Total revenue reached \$681.5 million, an increase of \$145.8 million from the 2020 amount of \$535.7 million. This is the third time that contribution revenue generated by UN-Women since its inception has reached and exceeded the \$500 million revenue target set in 2011;

(b) Voluntary contributions increased by \$146.5 million, or 29 per cent. Funding received from the Spotlight Initiative of the European Commission represented 5.1 per cent of total other resources, and funding directly related to the Entity's COVID-19 response represented 4 per cent of total other resources;

(c) Regular resources increased by \$52.9 million, or 34.5 per cent, with 2 of the top 20 contributing Member States signing multi-year agreements in 2021 where revenue is recognized in the year in which the agreement is signed;

(d) Total assets increased by 14.9 per cent, to \$1.2 billion, composed of accounts receivable, as well as cash and investments that accumulated as regular resources and other resources contributions collected exceeded expenses paid in the financial year;

(e) Employee benefits liabilities increased by 1.8 per cent, to \$135.1 million. The increase, combined with funding set aside during the year, increased the funded portion of employee benefits liabilities to fully funded.

Surplus

45. As total revenue for UN-Women was \$681.5 million and total expenses were \$530.7 million, the Entity recorded a surplus of \$150.7 million for the year ended 31 December 2021, compared with a surplus of \$96.2 million for 2020. Other resources contributed \$86.8 million, or 57.6 per cent of the total surplus of \$150.7 million.

Financial performance by funding source

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2021</i>	<i>2020</i>
Total revenue	216 457	479 069	11 298	(25 356)	681 468	535 697
Total expenses	152 624	392 298	11 176	(25 356)	530 742	439 510
Surplus/(deficit) for the year	63 833	86 771	122	–	150 726	96 187

Revenue

46. The increase in voluntary contributions from donors in 2021 of \$146.5 million was represented by an increase in regular resources of \$52.9 million and an increase in other resources of \$93.6 million. The increase in both regular and other resources is mainly a result of major donors signing multi-year agreements in 2021 where revenue is recognized in the year in which the agreement is signed.

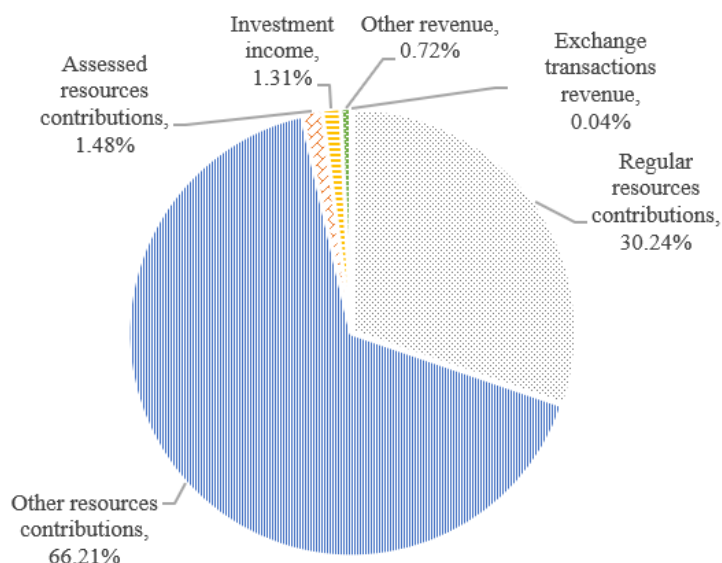
Revenue analysis

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2021</i>	<i>2020</i>
Contributions	206 071	451 176	10 078	–	667 325	520 437
Investment revenue	8 711	247	–	–	8 958	9 370
Other revenue	1 675	27 392	1 220	(25 356)	4 931	5 784
Exchange transactions revenue	–	254	–	–	254	106
Total	216 457	479 069	11 298	(25 356)	681 468	535 697

47. The total revenue for 2021 includes revenue received and receivable, in accordance with IPSAS. The matching principle of revenue and expense does not apply for non-exchange transactions (see notes 2 and 3 to the financial statements).

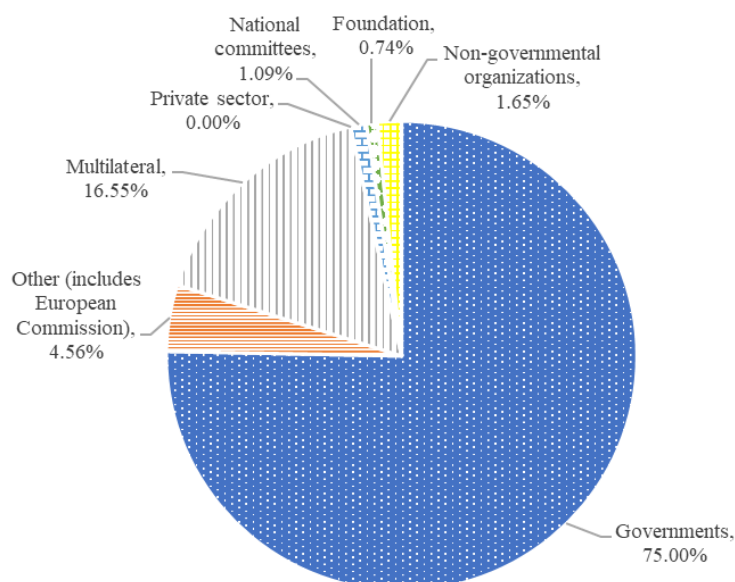
Figure IV.I
2021 revenue by nature



48. In figure IV.I, of the total revenue of \$681.5 million (2020: \$535.7 million), contributions accounted for \$667.3 million (2020: \$520.4 million) and comprised:

- (a) Voluntary regular resources of \$206.1 million, or 30.2 per cent (2020: \$153.2 million, or 28.6 per cent), which are unearmarked and fund the operational requirements and projects and programmes of UN-Women; and
- (b) Voluntary other resources of \$451.2 million, or 66.2 per cent (2020: \$357.6 million, or 66.8 per cent), which are earmarked for specific programmes and projects.
- (c) Assessed resources from the United Nations regular budget of 10.1 million, or 1.5 per cent (2020: \$9.7 million, or 1.8 per cent), which fund the normative and intergovernmental work of UN-Women.

Figure IV.II
2021 voluntary contributions by donor type



49. Figure IV.II shows the breakdown of voluntary contributions revenue for 2021 by donor type, as follows:

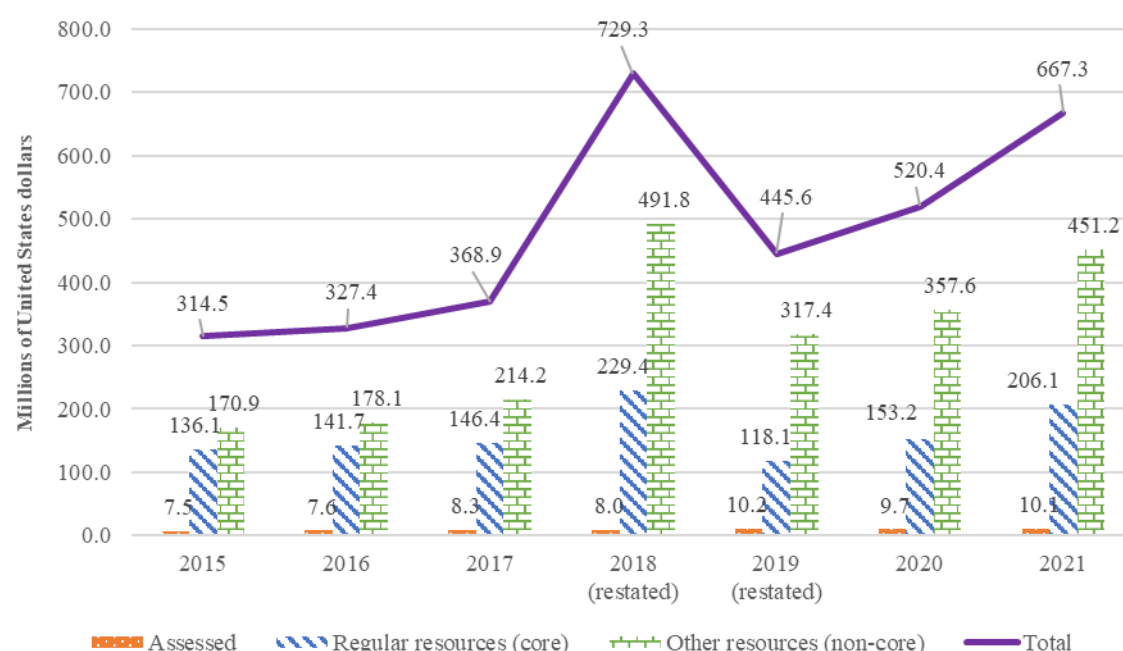
(a) UN-Women revenue is sourced mostly from government and intergovernmental agencies (other), which contributed \$530.9 million, or 79.6 per cent (2020: \$371.1 million, or 71.3 per cent), of the revenue;

(b) Multilaterals contributed \$110.4 million, or 16.5 per cent (2020: \$105.2 million, or 20.2 per cent);

(c) The private sector, national committees, foundations and other donors contributed \$26.0 million, or 3.9 per cent (2020: \$16.6 million, or 3.2 per cent).

Figure IV.III
Trend in contributions revenue

(Millions of United States dollars)



Note: In 2020, UN-Women changed its accounting policy for revenue recognition. The 2018 and 2019 amounts were restated to reflect this change in policy. See note 3 to the financial statements.

Expenditure

50. The total expenses for 2021 amount to \$530.7 million (2020: \$439.5 million) and represent expenses incurred, both paid and payable. Of the total expenses, regular resources represent \$152.6 million, or 28.8 per cent (2020: \$144.5 million, or 32.9 per cent), other resources (after reduction for elimination items) represent \$392.3 million, or 73.9 per cent (2020: \$310.7 million, or 70.7 per cent) and assessed expenses represent \$11.2 million, or 2.1 per cent (2020: \$11.4 million, or 2.6 per cent). The other resource expenses for the year include programme and project delivery during the year from unspent 2020 budgets, as well as current-year budgets.

51. Expenditure analysis for 2021 compared with 2020 showed increases in employee benefits, contractual services and grants as a result of higher expenditure under other resources in 2021 in the amount of \$392.3 million (2020: \$310.7 million) linked to programmatic delivery, including the Spotlight Initiative programme.

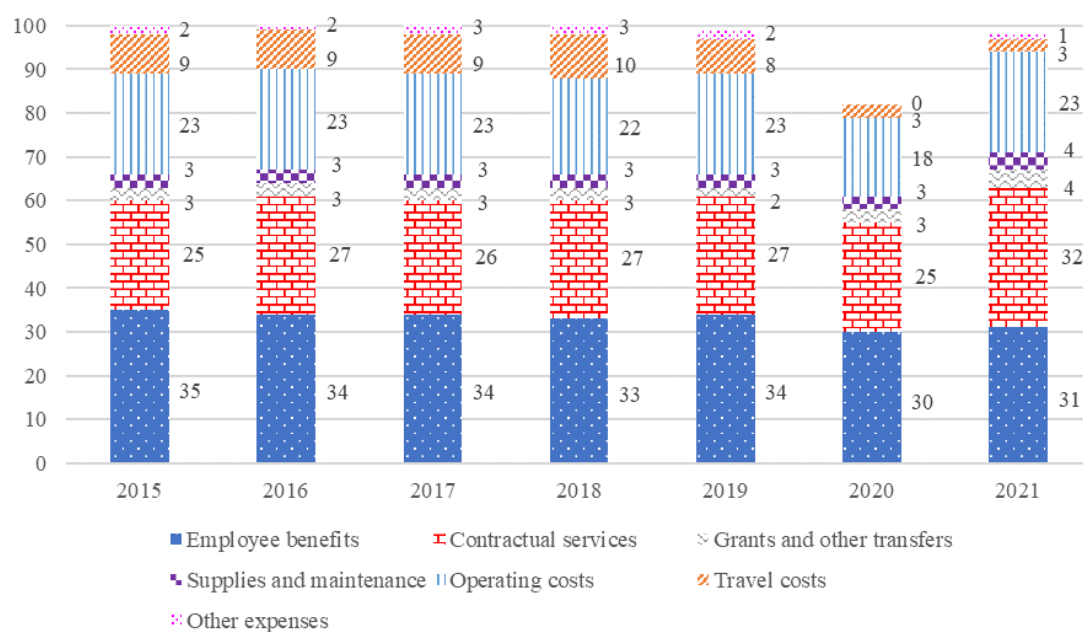
Expenditure analysis

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>Elimination</i>	<i>2021</i>	<i>2020</i>
Employee benefits	93 400	63 233	9 825	–	166 458	156 738
Contractual services	21 081	148 982	194	–	170 257	134 404
Grants and other transfers	166	21 906	–	–	22 072	14 416
Supplies and maintenance	5 494	17 665	120	–	23 279	18 081
Operating costs	26 368	120 286	1 034	(25 356)	122 332	95 363
Travel costs	2 497	14 091	1	–	16 589	13 732
Depreciation and amortization	2 014	751	2	–	2 767	2 551
Finance costs	115	292	–	–	407	258
Other expenses	1 489	5 092	–	–	6 581	3 967
Total	152 624	392 298	11 176	(25 356)	530 742	439 510

Figure IV.IV
Trend in expenses by nature

(Percentage of total expenses)



Net assets and liabilities

Financial position by funding source

(Thousands of United States dollars)

	<i>Regular resources</i>	<i>Other resources</i>	<i>Assessed</i>	<i>2021</i>	<i>2020</i>
Total assets	412 919	795 890	(3 124)	1 205 685	1 049 462
Total liabilities	156 827	16 735	–	173 562	173 623
Total net assets/equity	256 092	779 155	(3 124)	1 032 123	875 839

52. Total net assets/equity by segment (see note 5 to the financial statements) comprise:

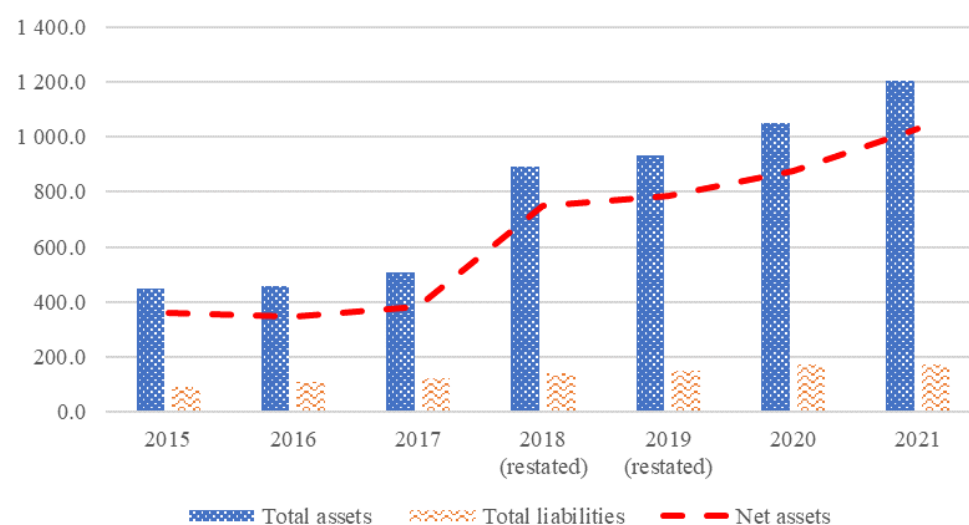
(a) Regular resources: the cash required to fund operations for the first few months of the new financial year while UN-Women awaits new voluntary contributions from donor Governments, funds for employee benefits and liabilities;

(b) Other resources: the unspent budgets for earmarked projects and programmes, which will be expensed in future periods in accordance with donor agreements.

Figure IV.V

Total assets, liabilities and net assets, 2015–2021

(Millions of United States dollars)



Note: In 2020, UN-Women changed its accounting policy for revenue recognition. The 2018 and 2019 amounts were restated to reflect this change in policy. See note 3 to the financial statements.

53. Total net assets/equity by segment also comprise other items in relation to the financial position by segment as at 31 December 2021, including:

(a) Current assets of \$574.3 million exceeding current liabilities of \$57.7 million by \$516.6 million, indicating that the liquidity of UN-Women is very strong (current assets ratio of 10.0:1; 2020: 12.7:1), with regular resources representing \$183.7 million and other resources \$393.7 million of current assets;

(b) Investments and cash and cash equivalents amounting to \$745.6 million (2020: \$732.2 million), with cash and short-term investments of \$294.5 million for less than 12 months and \$451 million for long-term investments;

(c) Accounts receivable or unpaid voluntary contributions agreements amounting to \$381.3 million (2020: \$255.7 million), 76 per cent of which is from other resources for earmarked projects and programmes;

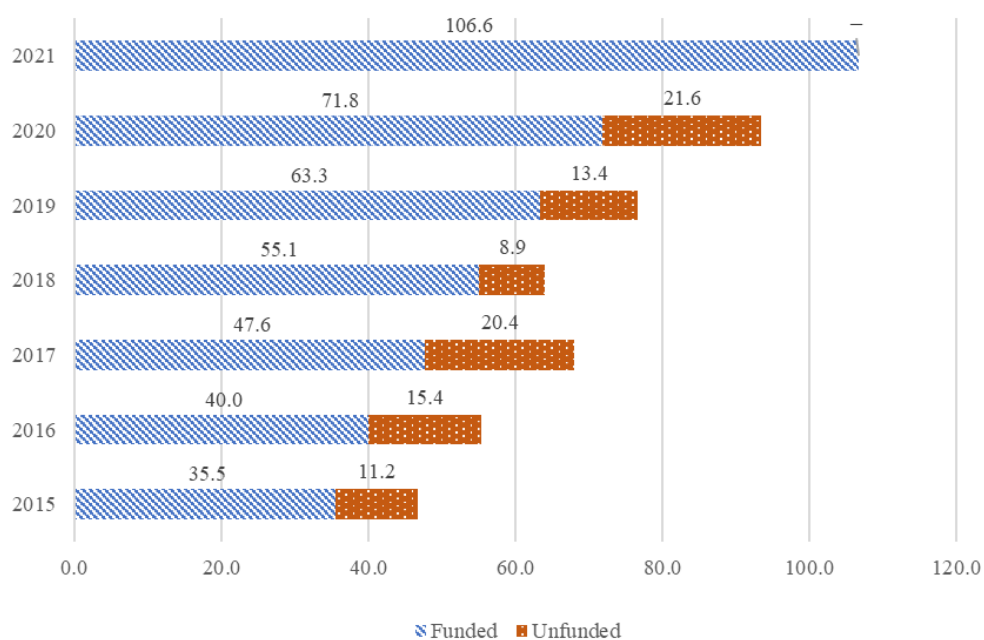
(d) Employee benefits (contractual obligations to employees, both current and retired) in the amount of \$135.1 million (2020: \$132.7 million) are valued by the actuary. The main liability relates to after-service health insurance of \$103.5 million (2020: \$93.4 million), which is fully funded (2020: \$71.8 million, or 77 per cent). The portion of the liability for after-service health insurance for the category of active employees not yet fully eligible is \$67.7 million, or 63.5 per cent of the total accrued liability for after-service health insurance;

(e) Reserves include operational reserves of \$26.5 million and field accommodation reserves of \$1 million, as approved by the Executive Board in its decision 2012/8.

Figure IV.VI

After-service health insurance liability, 2015–2021

(Millions of United States dollars)



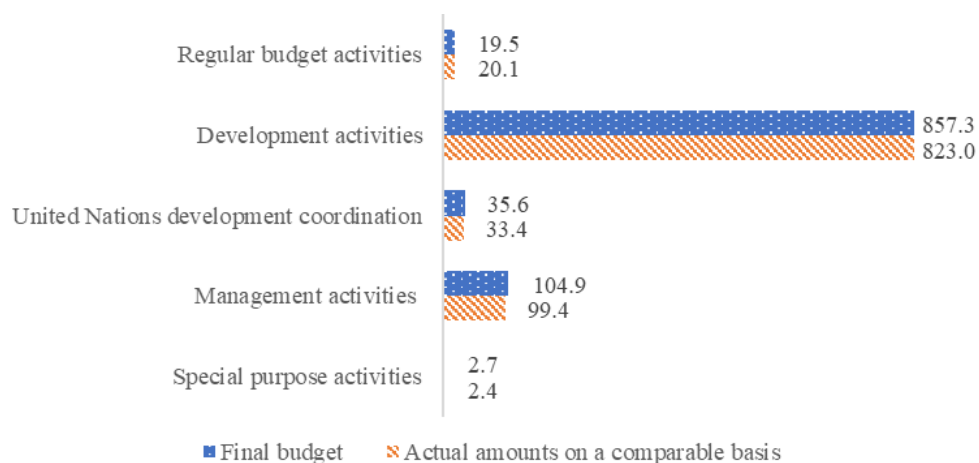
Budgetary performance

54. The integrated resources plan and the integrated budget set out the estimated financial resources for the strategic plan, covering both regular (core) and other (non-core) resources for 2020–2021. The integrated budget is prepared and presented on a biennial basis. The year 2021 represented approximately 50 per cent of the integrated budget estimates for the biennium 2020–2021.

55. The budget of UN-Women is prepared on a modified cash basis and is presented in the financial statements as statement V, comparison of budget and actual amounts on a comparable basis, with the additional inclusion of assessed resources (regular budget). In order to facilitate a comparison between the budget and the financial statements prepared under IPSAS, a reconciliation of the budget with the cash flow statement is included in note 25 to the financial statements.

Figure IV.VII
Budget utilization for the year 2021

(Millions of United States dollars)



Conclusion

56. UN-Women closed 2021 in good financial health through strong donor support and sound financial management practices, including processes and controls designed to contain expenses within the available financial resources.

Chapter V

Financial statements for the year ended 31 December 2021

United Nations Entity for Gender Equality and the Empowerment of Women

I. Statement of financial position as at 31 December 2021

(Thousands of United States dollars)

	Reference	31 December 2021	31 December 2020
Assets			
Current assets			
Cash and cash equivalents	Note 6	101 227	164 785
Investments	Note 7	193 284	343 899
Accounts receivable	Note 8	212 881	191 870
Advances	Note 9	48 480	42 651
Other assets	Note 10	18 423	7 249
Total current assets		574 295	750 454
Non-current assets			
Investments	Note 7	451 044	223 496
Accounts receivable	Note 8	168 376	63 879
Other assets	Note 10	7	10
Property, plant and equipment	Note 11	11 954	11 603
Intangible assets	Note 12	9	20
Total non-current assets		631 390	299 008
Total assets		1 205 685	1 049 462
Liabilities			
Current liabilities			
Accounts payable	Note 13	12 351	17 064
Employee benefits	Note 14	20 216	19 051
Other liabilities	Note 15	25 129	23 116
Total current liabilities		57 696	59 231
Non-current liabilities			
Employee benefits	Note 14	114 881	113 655
Other liabilities	Note 15	985	737
Total non-current liabilities		115 866	114 392
Total liabilities		173 562	173 623
Net assets		1 032 123	875 839
Net assets/equity			
Accumulated surplus/(deficit)	Note 16	996 390	838 617
Reserves	Note 17	35 733	37 222
Total net assets/equity		1 032 123	875 839

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women
II. Statement of financial performance for the year ended 31 December 2021

(Thousands of United States dollars)

	<i>Reference</i>	<i>2021</i>	<i>2020</i>
Revenue			
Voluntary contributions	Note 18	657 247	510 745
Assessed contributions	Note 19	10 078	9 692
Investment revenue	Note 20	8 958	9 370
Other revenue	Note 21	4 931	5 784
Exchange transactions revenue	Note 22	254	106
Total revenue		681 468	535 697
Expenses			
Employee benefits	Note 23	166 458	156 738
Contractual services	Note 23	170 257	134 404
Grants and other transfers	Note 23	22 072	14 416
Supplies and maintenance	Note 23	23 279	18 081
Operating costs	Note 23	122 332	95 363
Travel costs	Note 23	16 589	13 732
Depreciation and amortization	Note 23	2 767	2 551
Finance costs	Note 23	407	258
Other expenses	Note 23	6 581	3 967
Total expenses		530 742	439 510
Surplus/(deficit) for the year		150 726	96 187

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women
**III. Statement of changes in net assets/equity for the year ended
31 December 2021**

(Thousands of United States dollars)

	<i>Reference</i>	<i>2021</i>	<i>2020</i>
Net assets/equity at the beginning of the year		875 839	786 197
Movement during the year			
Current year surplus/(deficit)		150 726	96 187
Refunds to donors	Note 16	(4 224)	(2 974)
Changes in fair value of available-for-sale investments	Note 17	(1 489)	4 693
Actuarial gains/(losses)	Note 16	11 271	(8 264)
Net assets/equity at the end of the year		1 032 123	875 839

The accompanying notes are an integral part of these financial statements.

United Nations Entity for Gender Equality and the Empowerment of Women

IV. Statement of cash flow for the year ended 31 December 2021

(Thousands of United States dollars)

	Reference	2021	2020
Cash flows from operating activities			
Net surplus/(deficit) for the year		150 726	96 187
Interest revenue		(8 352)	(6 756)
Amortization on investments		(158)	(2 177)
Dividend revenue		(448)	(437)
Unrealized (gain)/loss on foreign exchange		67	2 643
Depreciation and amortization expense	Note 23	2 767	2 551
(Increase)/decrease in accounts receivable		(125 507)	49 747
(Increase)/decrease in other assets		(11 032)	(2 483)
(Increase)/decrease in inventories		–	–
(Increase)/decrease in advances		(5 829)	744
Increase/(decrease) in accounts payable		(4 712)	2 626
Increase/(decrease) in employee benefits		2 391	23 192
Increase/(decrease) in other liabilities		2 263	(893)
(Gains)/losses on sale of property, plant and equipment		(41)	40
Refunds to donors	Note 16	(4 224)	(2 974)
Change in fair value of available-for-sale investments		222	(273)
Actuarial gains/(losses)	Note 16	11 271	(8 264)
Net cash generated from operating activities		9 404	153 473
Cash flows from investing activities			
Purchases of property, plant and equipment		(3 171)	(2 472)
Purchases of intangible assets		(4)	–
Proceeds from sales of property, plant and equipment		107	57
Purchases of investments – held to maturity	Note 7.1	(617 947)	(846 687)
Maturities of investments – held to maturity	Note 7.1	545 020	709 767
Interest received		8 365	9 966
Dividend received		453	437
Movement in investments – available-for-sale		(5 718)	(2 473)
Net cash generated from investing activities		(72 895)	(131 405)
Net (decrease)/increase in cash and cash equivalents		(63 491)	22 068
Cash and cash equivalent at beginning of year		164 785	145 360
Effect of exchange rate changes on cash and cash equivalents		(67)	(2 643)
Cash and cash equivalent at end of year	Note 6	101 227	164 785

The accompanying notes are an integral part of these financial statement.

United Nations Entity for Gender Equality and the Empowerment of Women

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2021

(Thousands of United States dollars)

	2020–2021		2020				2021				2020–2021	
	Original budget	Final budget	Original budget	Final budget	Actual amounts on comparable basis	Difference between final budget and actual amounts	Original budget	Final budget	Actual amounts on comparable basis	Difference between final budget and actual amounts	Actual amounts on comparable basis	Difference between final budget and actual amounts
Regular budget activities	19 461	19 461	9 741	9 741	10 126	(385)	9 720	9 720	9 956	(236)	20 082	(621)
Development activities												
Programme	798 300	810 463	399 150	367 565	347 021	20 544	399 150	442 898	433 534	9 364	780 555	29 908
Development effectiveness	53 800	46 802	26 900	23 293	21 171	2 122	26 900	23 509	21 323	2 186	42 494	4 308
Subtotal	852 100	857 265	426 050	390 858	368 192	22 666	426 050	466 407	454 857	11 550	823 049	34 216
United Nations development coordination	32 000	35 570	16 000	20 205	17 192	3 013	16 000	15 365	16 226	(861)	33 418	2 152
Management activities												
Recurring	103 300	94 684	51 650	44 900	44 602	298	51 650	49 784	45 462	4 322	90 064	4 620
Evaluation	6 300	5 092	3 150	2 830	2 578	252	3 150	2 262	2 219	43	4 797	295
Audit and investigations	6 000	5 144	3 000	2 268	1 997	271	3 000	2 876	2 559	317	4 556	588
Subtotal	115 600	104 920	57 800	49 998	49 177	821	57 800	54 922	50 240	4 682	99 417	5 503
Special purpose activities												
Information and communications technology	500	500	250	250	–	250	250	250	500	(250)	500	–
25-year review of the implementation of the Beijing Declaration and Platform for Action	900	976	450	450	374	76	450	526	499	27	873	103
Change management	1 600	1 273	800	637	442	195	800	636	554	82	996	277
Subtotal	3 000	2 749	1 500	1 337	816	521	1 500	1 412	1 553	(141)	2 369	380
Total budget	1 022 161	1 019 965	511 091	472 139	445 503	26 636	511 070	547 826	532 832	14 994	978 335	41 630
Total institutional budget	204 400	190 041	102 200	94 833	88 356	6 477	102 200	95 208	89 342	5 866	177 698	12 343

The accompanying notes are an integral part of these financial statements; see also note 25.

United Nations Entity for Gender Equality and the Empowerment of Women

Notes to the financial statements

Note 1

Reporting entity

The United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) was established by the General Assembly in its resolution [64/289](#) of 2 July 2010 and became operational in January 2011. Grounded in the vision of equality enshrined in the Charter of the United Nations, UN-Women works towards the elimination of discrimination against women and girls; the economic empowerment of women; and the achievement of equality between women and men as partners in and beneficiaries of development, human rights, humanitarian action and peace and security.

UN-Women is mandated to support intergovernmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global norms and standards. The Entity mobilizes political will and resources to help Member States implement those standards, standing ready to provide suitable technical and financial support to those countries that request it and to forge successful partnerships with civil society. Furthermore, UN-Women has been assigned the mandate to hold the United Nations system accountable for its own commitment on gender equality through the system-wide action programme.

UN-Women is governed by its Executive Board, which consists of representatives of its Member States. The Executive Board guides the strategic direction and policies of the Entity to ensure that all operational aspects of the activities of UN-Women are executed effectively by the Executive Director and Under-Secretary-General.

UN-Women is headquartered in New York and is expanding its presence at the regional and country levels. The Entity's regional architecture comprises 6 regional offices, 61 country offices and serves 46 additional countries through United Nations reform presences (including non-resident forms of programme delivery and coordination for gender equality and women's empowerment). UN-Women serves the donor community and partners with liaison offices in Abu Dhabi, Addis Ababa, Brussels, Copenhagen, Geneva and Tokyo.

Note 2

Significant accounting policies

(a) Basis of preparation and authorization for issue

Authorization for issue

In accordance with financial regulation 12.1 of UN-Women, the Executive Director is responsible for the financial statements of the Entity. The Director, Division of Management and Administration, has certified that, to the best of his knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the financial statements and supporting schedules. On 30 April 2022, the Executive Director authorized these financial statements to be submitted for audit.

Statement of compliance with the International Public Sector Accounting Standards

The financial statements of UN-Women have been prepared on an accrual and going concern basis in accordance with the International Public Sector Accounting Standards (IPSAS) and the financial regulations and rules of UN-Women.

Basis of recognition of revenue and expenses

Under the accrual basis of accounting, revenue and expenses (except for non-exchange transactions) are recognized in the financial statements in the period to which they relate.

Revenue

Voluntary contributions for regular resources are recognized as revenue when there is a signed agreement or letter of exchange (from a designated official of a Government), other than a pledge, or on a cash basis at the time that funds are received. Where a signed agreement or letter of exchange is received from a donor, including multi-year agreements, revenue is recognized in full at the time that the contribution agreement is signed, where no performance conditions are present. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature.

Voluntary contributions for other resources are recognized as revenue when a signed agreement is received from a donor during the financial year, based on the fair value of the benefit received, unless any stipulation defers this recognition. Where a signed agreement is received from a donor, including multi-year agreements, revenue is recognized in full at the time that the contribution agreement is signed, where no performance conditions are present. Where contribution agreements have conditions, UN-Women recognizes a liability, and revenue recognition is deferred until such conditions are met. UN-Women recognizes assets when control over the resources is established as a result of past events. Enforceability of agreements occurs upon signature.

Assessed contributions are issued as an annual allotment from the United Nations regular budget and are assessed and approved for a two-year budget period. The amount of those contributions is then apportioned between the two years and recognized on a monthly basis.

In-kind contributions, except services, that directly support approved operations and activities, which have budgetary impact and can be reliably measured, are recognized at fair value as expense and contribution. Those contributions include use of premises and utilities.

In-kind contributions of services are not recognized, but the estimated cost saving is disclosed in note 18.

Donated property, plant and equipment are valued at fair market value and recognized as fixed assets and contributions. The donated right to use an asset is valued at the fair market value of the right to use. The excess of the fair market value of the right to use over any sums actually paid is shown as contribution income together with a matching expense. When transferred assets are received as contributions in kind and conditions requiring their return upon non-performance are disclosed in the agreements, a liability is initially recognized. When these conditions are satisfied, the revenue is recognized. When restrictions are disclosed in the agreements which do not require their return, the revenue is recognized upon confirmation of contributions.

Revenue from exchange transactions is recognized when it is probable that future economic benefits or service potential will flow to UN-Women and those benefits can be measured reliably. Revenue should be measured at the fair value of

the consideration received or receivable. When the consideration is cash or in a monetary amount, measurement shall be at this amount.

Expenses

Expenses are recognized when goods are delivered and services are rendered. Project expenses are recognized once UN-Women receives a financial report from the partner in order to evidence the completion of activities.

Under IPSAS, the matching principle of revenue and expense does not apply for non-exchange transactions. The focus of IPSAS is the financial position, which is evidenced by the recognition of assets when there is sufficient control and of liabilities when the criteria to recognize liabilities exist. As a consequence, the excess of revenue over expenses results in a surplus (or the excess of expenses over revenue results in a deficit), which is carried forward to the accumulated surplus or deficit. Accumulated surplus represents the unexpended portion of contributions to be utilized for future operational requirements of UN-Women.

(b) Foreign currency transactions

The functional and reporting currency of UN-Women is the United States dollar. Where transactions have been made in currencies other than the United States dollar, the amounts are translated into United States dollars at the prevailing United Nations operational rates of exchange at the date of the transaction. Monetary assets and liabilities in currencies other than the United States dollar are translated into the United States dollar at the prevailing United Nations operational rate of exchange in effect at the reporting date. Non-monetary assets and liabilities denominated in a currency other than the United States dollar that are measured at historical cost are translated at the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses, both realized and unrealized, resulting from such transactions are accounted for in the statement of financial performance.

(c) Financial instruments

Financial instruments are recognized when UN-Women becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and UN-Women has transferred substantially all the risks and rewards of ownership.

Financial assets classification

UN-Women classifies financial assets into the following categories: held-to-maturity; available-for-sale; loans and receivables; and fair value through surplus or deficit in the statement of financial performance. The classification depends on the purpose for which the financial assets are acquired, and is determined at initial recognition and re-evaluated at each reporting date. All financial assets are initially measured at fair value. UN-Women initially recognizes loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date UN-Women becomes party to the contractual provisions of the instrument.

Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements, and assets denominated in foreign currency are translated into the United States dollar at the United Nations operational rate prevailing at the reporting date, with gains and losses recognized in surplus or deficit in the statement of financial performance.

All categories of financial assets are assessed at each reporting date to determine whether there is objective evidence that an investment or group of investments is impaired. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in surplus or deficit in the statement of financial performance (directly or through the use of an allowance account) in the year in which they arise.

Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturities that UN-Women has the positive intention and ability to hold to maturity. They are initially recorded at fair value plus transaction costs and subsequently recognized at amortized cost calculated using the effective interest method. UN-Women classified part of its investment portfolio as held-to-maturity assets.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets either designated in this category or not classified in any of the other categories. They are initially recorded at fair value plus transaction costs and subsequently reported at fair value with any resultant fair value gains or losses recognized directly in net assets/equity. Interest on available-for-sale financial assets is calculated using the effective interest method. When an available-for-sale financial asset is derecognized, the gain or deficit accumulated in net assets/equity is reclassified to surplus or deficit in the statement of financial performance. Fair values used for subsequent measurement are based on quoted market prices from reputable vendors.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value, net of impairment for restricted-use currencies. Financial instruments classified as cash equivalents include investments with a maturity of three months or less from the date of acquisition.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus transaction costs and subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset. As at 31 December 2021, UN-Women did not have any loans.

Accounts receivable are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UN-Women will not be able to collect all amounts due according to the original terms of the receivable.

Advances and other receivables are stated at fair value, comprising nominal value less allowance for estimated irrecoverable amounts. Advances represent cash advance payments to partners contracted in the context of programme execution. These advances are recognized at fair value as a receivable. The expense is recognized in the statement of financial performance once UN-Women receives a financial report from the partner to evidence completion of activities. Advances also include payments on behalf of United Nations agencies and staff members are issued cash advance

payments which are recognized at fair value as receivables. The expense is recognized when the advance is liquidated through a claim or repayment of the advance. Other receivables represent prepayments on contracts where goods or services are yet to be delivered or rendered.

Fair value through surplus or deficit financial assets

Fair value through surplus or deficit financial assets are so designated on initial recognition or are held for trading. They are initially recorded at fair value and any transaction costs are expensed. The assets are measured at fair value at each reporting date, and any resultant fair value gains or losses are recognized through surplus and deficit. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties in accordance with United Nations Development Programme (UNDP) investment guidelines. UN-Women classifies derivatives as financial assets at fair value through surplus and deficit in the statement of financial performance. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Assets in this category are classified as current assets if they are expected to be realized within 12 months of the reporting date. UN-Women does not apply hedge accounting treatment for derivatives.

(d) Inventories

Inventories held for distribution at no charge are stated at the lower of cost and current replacement cost. As there is no related revenue for inventory distributed, the expense is recognized when the goods are distributed. No-charge publication materials that would be defined as inventory are technical publications that relate directly to the programmatic and normative operations and are under the control of UN-Women. These publications must also have longevity where their content remains relevant and valid for more than a 12-month period to be defined as inventory. Publications produced by partners and held for distribution or used by them are not considered to be under the control of UN-Women and therefore are not inventory. No-charge publication materials and campaign brochures prepared by UN-Women for only advertising and promotional information purposes are not inventory. These items normally do not have longevity and are generally used within a 12-month period, as they are produced for a one-off event or purpose, and therefore the value of any remaining materials on hand at year end would be significantly depreciated. Accordingly, the cost of publication material and campaign brochures used for advertising and promotional information is recognized as an expense when incurred.

Inventories held for sale are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Cost is determined using the first-in, first-out inventory valuation method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories acquired through a non-exchange transaction, such as donated goods, is measured as their fair value at the date of acquisition. As at 31 December 2021, UN-Women did not have any inventories held for sale and had not acquired any inventory through a non-exchange transaction.

(e) Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation and any impairment losses. The capitalization threshold for property, plant and equipment for which UN-Women has control is a total cost of at least \$1,000 per unit. Depreciation is provided for property, plant and equipment over the

estimated useful life of each asset using the straight-line method, except for land, which is not subject to depreciation. Historic cost includes expenditures directly attributable to the acquisition of assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to UN-Women and the cost can be measured reliably. The estimation of the useful life of the asset is a matter of judgment based on the experience of UN-Women with similar assets. Therefore, the useful life of an asset may be shorter than its economic life. Repair and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred.

UN-Women is deemed to control an asset if it can use or otherwise benefit from the asset in pursuit of its objectives and if the Entity can exclude or regulate the access of third parties to the asset. This can be the case when UN-Women is implementing a project directly. Project assets that are not controlled by UN-Women are expensed as incurred. Leasehold improvements are recognized as assets in cases in which the total cost is \$1,000 or more, valued at cost and depreciated over the lesser of the remaining useful life of the improvements or the lease term. Impairment reviews are undertaken for all assets at least annually.

The estimated useful life ranges in years for property, plant and equipment classes are set out in the table below.

<i>Class</i>	<i>Estimated useful life</i>
Land	Not applicable
Buildings	
Permanent	50
Temporary	10
Furniture and fixtures	10
Communications and information technology equipment	6–8
Vehicles	9
Machinery and equipment	7
Security equipment	5

(f) Intangible assets

Intangible assets with a finite life are carried at cost less accumulated amortization and any impairment loss. Intangible assets are capitalized provided they have a useful life of more than one year and a cost exceeding \$5,000 for externally acquired and a cost exceeding \$100,000 for internally generated. Amortization is provided on a straight-line basis on all intangible assets of finite life in accordance with its useful life. Where the intangible asset has an indefinite useful life, it will not be amortized, but will be reviewed for impairment by comparing its recoverable service amount with its carrying amount.

Costs incurred to configure and customize, and for subscription fees, to access to cloud-based Software as a Service (SaaS) are recognized as operating expenses when the services are received, since the systems utilized do not meet the criteria to be recognized as controlled assets.

Costs incurred for the development of software code that enhances or modifies or creates additional capability to existing on-premises systems and satisfies the recognition criteria for an intangible asset are recognized as intangible software assets and amortized over the remaining useful life of the software on a straight-line basis.

The assessment of whether costs to integrate and bridge controlled software to SaaS solutions meet recognition criteria for capitalization as intangible software assets may involve key judgements, including whether a separate asset can be reliably measured.

The estimated useful life ranges in years for intangible asset classes are set out in the table below.

<i>Class</i>	<i>Estimated useful life</i>
Externally acquired	5
Internally developed	5
Copyrights and patents	3

(g) Leases

Leases where the lessor retains a significant portion of the risks and rewards inherent to ownership are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease. The value of the future lease payments within the current lease term is disclosed in note 27.

Leases where the lessee retains a significant portion of the risks and rewards inherent to ownership are classified as finance leases. UN-Women has not entered into any finance leases.

(h) Employee benefits

UN-Women recognizes the following employee benefits:

- (a) Short-term employee benefits, which fall due wholly within 12 months after the end of the accounting period in which employees render the related service;
- (b) Long-term employee benefits, which are due to be settled beyond 12 months after the employees render the related service and include:
 - (i) Post-employment benefits (see Pension and After-Service Health Insurance below);
 - (ii) Other long-term employee benefits;
 - (c) Termination benefits.

Short-term employee benefits are measured at their nominal value based on accrued entitlements at current rates of pay. These benefits may include, at year end, remuneration, accrued annual leave, home leave liability and other short-term benefits.

Post-employment benefits include pension plans, post-employment medical care, repatriation benefits and other lump sums payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined benefit plan. As specified by article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which

participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. UN-Women and the Pension Fund, in line with the other participating organizations in the Fund, are not in a position to identify the Entity's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UN-Women has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The contributions of UN-Women to the Pension Fund during the financial period are recognized as expenses in the statement of financial performance.

The after-service health insurance plan extends subsidized health insurance coverage to retirees and their dependants under the same health insurance schemes as for active staff based on certain eligibility requirements. The after-service health insurance plan is a defined benefit plan.

Other long-term employee benefits are employee benefits that do not fall due wholly within 12 months after the end of the financial period and include long-term compensation in the event of death, injury or illness.

Termination benefits generally include indemnities for voluntary redundancy and are expected to be settled within 12 months of the reporting period.

(i) Financial liabilities

Other financial liabilities

Other financial liabilities are initially recognized at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method. Financial liabilities entered into with duration of less than 12 months are recognized at their nominal value.

Payables and accruals arising from the purchase of goods and services are recognized initially at fair value and subsequently measured at amortized cost when goods are delivered or services are rendered and accepted by UN-Women. Liabilities are stated at invoice amounts less payment discounts at the reporting date. The liability is estimated where invoices are not available at the reporting date.

Other liabilities include deferred revenue, representing funds from donors that have been recognized on the statement of financial position and, depending on the nature of the agreement, are recognized as revenue when conditions (if any) are met. Other payables represent reimbursable services rendered by the United Nations and United Nations agencies.

Fair value through surplus or deficit financial liabilities

Fair value through surplus or deficit financial liabilities are liabilities that are designated on initial recognition or are held for trading. They are initially recorded at fair value, and any transaction costs are expensed. The liabilities are measured at fair value again at each reporting date, and any resultant fair value gains or losses are recognized through surplus and deficit.

UN-Women classifies derivatives as financial liabilities at fair value through surplus and deficit in the statement of financial performance. Derivatives are used to manage foreign exchange risk and are contracted with creditworthy counterparties. These include derivatives embedded in time deposits that permit the instrument to be

repaid by counterparties in an alternative currency in exchange for a higher yield. The fair value of derivatives is obtained from counterparties and is compared with internal valuations, which are based on valuation methods and techniques generally recognized as standard in the industry. Liabilities in this category are classified as current liabilities if they are expected to be settled within 12 months of the reporting date. As at 31 December 2021, UN-Women had no open foreign exchange derivative instruments positions in this category and did not have any embedded derivatives requiring separate accounting at fair value through surplus or deficit in the statement of financial performance. UN-Women does not apply hedge accounting for derivatives.

(j) Provisions, contingent liabilities and contingent assets

Provisions are made for future liabilities and charges where UN-Women has a present legal or constructive obligation as a result of past events, it is probable that UN-Women shall be required to settle the obligation and a reliable estimate can be made of the obligation.

Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UN-Women and the liability can be reliably estimated.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UN-Women. Contingent assets are not recognized but are disclosed if an inflow of economic benefits or service potential is probable.

(k) Commitments

Commitments are future expenses to be incurred by UN-Women on contracts entered into by the reporting date and that the Entity has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to UN-Women in a future period, non-cancellable minimum lease payments and other non-cancellable commitments. The value of commitments as at 31 December 2021 is not recognized in the statement of financial position but is disclosed in the notes to the financial statements. Commitments related to employment contracts are excluded from this disclosure.

(l) New accounting standards

In 2021, UN-Women did not adopt any new accounting standards. A summary of accounting standards published by the IPSAS Board and becoming effective on 1 January 2021 or thereafter is provided below:

- (i) IPSAS 41: Financial instruments, was issued in 2018 with an effective date of 1 January 2022. This date has subsequently been deferred to 1 January 2023 in the light of the impact of the coronavirus disease (COVID-19) pandemic on constituents. IPSAS 41 replaces IPSAS 29: Financial instruments: recognition and measurement. The new standard establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, and its impact on the financial statements of UN-Women upon adoption is currently being assessed;

(ii) IPSAS 42: Social benefits, was issued in 2019 with an effective date of 1 January 2022. This date has subsequently been deferred to 1 January 2023 in the light of the impact of the COVID-19 pandemic on constituents. IPSAS 42 is not expected to be applicable to UN-Women in the foreseeable future;

(iii) In February 2020, the IPSAS Board issued a suite of three exposure drafts for comment: exposure draft 70: Revenue with performance obligations; exposure draft 71: Revenue without performance obligations; and exposure draft 72: Transfer expenses. Exposure draft 70 is expected to replace IPSAS 9: Revenue from exchange transactions. Exposure draft 71 would update IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). Exposure draft 72 is a draft of a new standard. The suite of three exposure drafts is expected to be converted to published IPSAS standards by the end of 2023, and new standards resulting from these exposure drafts are expected to be mandatory by 2025. UN-Women will continue to monitor the progression of these exposure drafts and related accounting standards, noting that they could have a significant impact on the Entity's revenue recognition. Assessment of the impact of the standards on the financial statements of UN-Women in advance of issuance and during subsequent implementation is ongoing.

Note 3

Change in accounting policy

The policy for intangible assets was amended during the year to include Software as a Service (SaaS) (see note 2).

Costs incurred to configure and customize, and for subscription fees, to access to cloud-based Software as a Service (SaaS) are recognized as operating expenses when the services are received, since the systems utilized do not meet the criteria to be recognized as controlled assets.

Costs incurred for the development of software code that enhances or modifies or creates additional capability to existing on-premises systems and satisfies the recognition criteria for an intangible asset are recognized as intangible software assets and amortized over the remaining useful life of the software on a straight-line basis.

The assessment of whether costs to integrate and bridge controlled software to SaaS solutions meet recognition criteria for capitalization as intangible software assets may involve key judgements, including whether a separate asset can be reliably measured.

Note 4

Critical accounting estimates and judgments

The preparation of financial statements in accordance with IPSAS necessarily includes the use of accounting estimates and management assumptions and judgment. The areas where estimates, assumptions or judgment are significant to the financial statements of UN-Women include, but are not limited to, post-employment benefits obligations, provisions, financial risk on accounts receivable and advances, accrued charges, contingent assets and liabilities, and degree of impairment of accounts receivable, advances, investments and property, plant and equipment. Actual results could differ from those estimates. Changes in estimates are recognized in the period in which they became known.

Note 5
Segment reporting

Segment reporting is required to evaluate an entity's past performance and to make decisions about an entity's future allocation of resources. UN-Women reports the following segments:

(a) The regular resources (core/unearmarked) segment reflects the operations of voluntarily donated funds to UN-Women to be used to achieve the mandate of UN-Women at the discretion of the Executive Director of UN-Women;

(b) The other resources (non-core/earmarked) segment represents earmarked voluntarily donated funds to UN-Women for specific projects;

(c) The assessed resources (regular budget) segment represents sums assessed on Member States and transferred to UN-Women by the General Assembly.

Inter-segment transactions are disclosed in the segment reporting, but eliminated in the statement of financial performance.

Statement of financial position by segment as at 31 December 2021

(Thousands of United States dollars)

	2021				31 December 2020
	Regular resources	Other resources	Assessed resources	Total	
Assets					
Current assets					
Cash and cash equivalents	48 250	57 540	(4 563)	101 227	164 785
Investments	74 105	119 179	–	193 284	343 899
Accounts receivable	40 796	171 291	794	212 881	191 870
Advances	3 457	45 001	22	48 480	42 651
Other assets	17 066	737	620	18 423	7 249
Current assets	183 674	393 748	(3 127)	574 295	750 454
Non-current assets					
Investments	172 931	278 113	–	451 044	223 496
Accounts receivable	48 926	119 450	–	168 376	63 879
Other assets	7	–	–	7	10
Property, plant and equipment	7 372	4 579	3	11 954	11 603
Intangible assets	9	–	–	9	20
Non-current assets	229 245	402 142	3	631 390	299 008
Total assets	412 919	795 890	(3 124)	1 205 685	1 049 462
Liabilities					
Current liabilities					
Accounts payable	5 151	7 200	–	12 351	17 064
Employee benefits	20 216	–	–	20 216	19 051
Other liabilities	16 579	8 550	–	25 129	23 116
Current liabilities	41 946	15 750	–	57 696	59 231

	2021			Total	31 December 2020
	Regular resources	Other resources	Assessed resources		
Non-current liabilities					
Employee benefits	114 881	–	–	114 881	113 655
Other liabilities	–	985	–	985	737
Non-current liabilities	114 881	985	–	115 866	114 392
Total liabilities	156 827	16 735	–	173 562	173 623
Net assets	256 092	779 155	(3 124)	1 032 123	875 839
Net assets/equity					
Accumulated surplus/(deficit)	162 745	696 608	(3 246)	856 107	762 893
Current year surplus/(deficit)	63 833	86 771	122	150 726	96 187
Actuarial gains/(losses)	(6 219)	–	–	(6 219)	(17 489)
Refunds to donors	–	(4 224)	–	(4 224)	(2 974)
Reserves	35 733	–	–	35 733	37 222
Total net assets/equity	256 092	779 155	(3 124)	1 032 123	875 839

Total net assets/equity in accordance with the statement of financial position by segment includes:

(a) Regular resources: the cash required to fund operations for the first few months of the new financial year while UN-Women waits for new voluntary contributions from donor Governments;

(b) Other resources: the unspent budgets for earmarked projects and programmes which will be expensed in future periods in accordance with donor agreements.

UN-Women costs for acquisitions of property, plant and equipment and intangible assets from both regular and other resources are summarized in the table below.

(Thousands of United States dollars)

	2021			Total	2020
	Regular resources	Other resources			
Property, plant and equipment	1 617	1 554		3 171	2 472
Intangible assets	4	–		4	–
Total	1 621	1 554		3 175	2 472

Statement of financial performance by segment for the year ended 31 December 2021

(Thousands of United States dollars)

	2021					31 December 2020
	Regular resources	Other resources	Assessed resources	Elimination	Total	
Revenue						
Contributions	206 071	451 176	10 078	—	667 325	520 437
Investment revenue	8 711	247	—	—	8 958	9 370
Other revenue	1 675	27 392	1 220	(25 356)	4 931	5 784
Exchange transactions revenue	—	254	—	—	254	106
Total revenue	216 457	479 069	11 298	(25 356)	681 468	535 697
Expenses						
Employee benefits	93 400	63 233	9 825	—	166 458	156 738
Contractual services	21 081	148 982	194	—	170 257	134 404
Grants and other transfers	166	21 906	—	—	22 072	14 416
Supplies and maintenance	5 494	17 665	120	—	23 279	18 081
Operating costs	26 368	120 286	1 034	(25 356)	122 332	95 363
Travel costs	2 497	14 091	1	—	16 589	13 732
Depreciation and amortization	2 014	751	2	—	2 767	2 551
Finance costs	115	292	—	—	407	258
Other expenses	1 489	5 092	—	—	6 581	3 967
Total expenses	152 624	392 298	11 176	(25 356)	530 742	439 510
Surplus/(deficit) for the period	63 833	86 771	122	—	150 726	96 187

The elimination items represent the indirect costs charged by UN-Women in relation to the management of other resources and are based on the rate of recovery of 8 per cent established by the Executive Board of UN-Women in its decision 2013/2 of 8 February 2013, with effect from 1 January 2014 (7 per cent in prior years). These indirect costs charged were recognized during the year as an increase in support cost income, and at year end those amounts comprised the elimination items.

Note 6

Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Cash in bank accounts	3 854	7 289
Petty cash	20	29
Money market	95 232	70 370
Term deposits	2 121	2 112
Commercial paper	—	84 985
Total	101 227	164 785

Cash and cash equivalents comprise balances held by field offices, money market account balances and term deposits with terms of less than three months. Cash required for immediate disbursement is maintained in cash and bank accounts. Money market and deposit accounts are available at short notice. Cash and cash equivalents relate to both regular resources and other resources. Financial instruments classified as cash equivalents include investments with a maturity of three months or less from the date of acquisition.

Note 7

Investments

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current investments		
Investments – held to maturity	192 815	343 311
Investments – available-for-sale	469	588
Total current investments	193 284	343 899
Non-current investments		
Investments – held to maturity	390 559	167 136
Investments – available-for-sale	60 485	56 360
Total non-current investments	451 044	223 496
Total investments	644 328	567 395

Investments include held-to-maturity assets that are managed by UNDP and available-for-sale assets that are held and managed by external investment managers.

UN-Women had no impaired investments during the year. The exposure of UN-Women to credit risk, market risk and currency risks, and its risk management activities related to financial assets, including investments, are discussed in note 24.

The Entity's cash and cash equivalents and investments include funding for after-service health insurance, repatriation and death benefits in the amount of \$123.5 million, in accordance with note 14, operational reserve, in the amount of \$26.5 million, and field accommodation reserve, in the amount of \$1 million, in accordance with note 17. Investments relate to both regular resources and other resources.

7.1 Investments – held-to-maturity financial assets

(Thousands of United States dollars)

	<i>Closing balance 31 December 2020</i>	<i>Purchases</i>	<i>Maturities</i>	<i>Amortization</i>	<i>Unrealized gains/ losses</i>	<i>Reclassification non-current to current</i>	<i>Closing balance 31 December 2021</i>	<i>Fair value</i>
Current investments								
Money market instruments	272 309	271 369	(439 000)	291	–	–	104 969	104 949
Bonds and notes	71 002	25 256	(71 000)	(6)	–	62 594	87 846	88 054
Subtotal	343 311	296 625	(510 000)	285	–	62 594	192 815	193 003
Non-current investments								
Bonds and notes	167 136	321 322	(35 125)	(180)	–	(62 594)	390 559	388 113
Subtotal	167 136	321 322	(35 125)	(180)	–	(62 594)	390 559	388 113
Total investments held to maturity	510 447	617 947	(545 125)	105	–	–	583 374	581 116

Held-to-maturity financial assets are carried at amortized cost calculated by using the effective interest method. As at 31 December 2021, the fair value of those assets was lower than the book value by \$2.3 million. Fair values are based on quoted market prices from reputable vendors. The average yield on investments for 2021 was 0.5 per cent (2020: 1.2 per cent).

7.2 Investments – available-for-sale financial assets

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Current investments		
Bonds	466	586
Bonds – fair value adjustments	3	2
Total current investments	469	588
Non-current investments		
Equities	30 299	28 310
Equities – fair value adjustments	8 244	8 692
Bonds	22 016	18 167
Bonds – fair value adjustments	(74)	1 191
Total non-current investments	60 485	56 360
Total available-for-sale investments	60 954	56 948

The table below presents the fair value hierarchy of the Entity's available-for-sale financial instruments carried at fair value as at 31 December 2021.

(Thousands of United States dollars)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Available-for-sale financial assets					
Equities	38 543	–	–	38 543	37 002
Bonds	22 411	–	–	22 411	19 946
Total	60 954	–	–	60 954	56 948

The three fair value hierarchies are defined by IPSAS on the basis of the significance of the inputs used in the valuation as follows:

(a) Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (as price) or indirectly (derived from prices);

(c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Available-for-sale financial assets represent investments managed by external investment managers for after-service health insurance (see notes 7 and 24).

Note 8**Accounts receivable**

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Current accounts receivable		
Contributions receivable	213 166	193 254
Less: allowance for impairment of receivables	(285)	(1 384)
Subtotal	212 881	191 870
Non-current accounts receivable		
Contributions receivable	168 376	63 879
Subtotal	168 376	63 879
Total accounts receivable	381 257	255 749

Contributions receivable represents uncollected non-exchange revenue committed to UN-Women by donors, including other United Nations entities. The allowance for impairment on receivables is calculated on the basis of an aged analysis and the collectability of the outstanding balance.

Note 9
Advances

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Advances provided to United Nations agencies	6 322	5 995
Advances provided to other partners	39 965	34 708
<i>Shown by fund type:</i>		
Regular resources	439	658
Other resources		
Cost-sharing	32 389	28 908
United Nations trust fund in support of actions to eliminate violence against women	7 137	5 133
Fund for Gender Equality	—	9
Less: allowance for impairment of advances to partners	(190)	(206)
Subtotal	46 097	40 497
Advances to staff	2 383	2 154
Total advances	48 480	42 651

Advances relate to transfers made to United Nations agencies and other partners in connection with programme execution, and to staff. Such advances are recognized as an asset and are stated at historical cost less an allowance for impairment.

Advances to partners are reduced and expenses are recognized when certified expense reports are received from partners. As at 31 December 2021, approximately 97.2 per cent of the total outstanding advances provided to partners are aged less than 12 months and relate to implementation of programmatic activities.

Advances to staff include salary and rental advances and prepaid education grants, which are generally settled within a 12-month period.

Note 10
Other assets

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current assets		
Interest and dividends receivable	1 127	987
Derivative asset	139	—
Receivables from United Nations agencies		
United Nations Population Fund	102	94
United Nations Development Programme	10 773	—
Miscellaneous accounts receivable	6 282	6 168
Subtotal	18 423	7 249

	31 December 2021	31 December 2020
Non-current assets		
Security deposit	7	10
Subtotal	7	10
Total other assets	18 430	7 259

Miscellaneous accounts receivable includes value added tax/sales tax, rental and tax reimbursements due from the United Nations, other receivables due and expenditures paid in advance.

Note 11 Property, plant and equipment

(Thousands of United States dollars)

	Building	Communication and information technology equipment	Furniture and fixtures	Vehicles	Heavy machinery/ equipment	Security equipment	Leasehold improvements	Construction of fixed assets	Total
At 31 December 2020									
Cost	2 449	11 442	1 271	10 395	1 287	913	3 156	–	30 913
Accumulated depreciation	(1 024)	(6 746)	(876)	(6 670)	(969)	(729)	(2 296)	–	(19 310)
Net book value	1 425	4 696	395	3 725	318	184	860	–	11 603
Movements year to 31 December 2021									
Additions	–	1 536	157	1 147	234	59	76	42	3 251
Receipt accrual	–	2	–	(31)	–	–	–	–	(29)
Cost adjustments	70	(5)	(41)	(40)	(2)	–	(33)	–	(51)
Retirements	–	(426)	(12)	(435)	(125)	(8)	(97)	–	(1 103)
Retirements – accumulated depreciation	–	408	11	400	118	8	90	–	1 035
Depreciation	(171)	(1 282)	(77)	(757)	(89)	(85)	(291)	–	(2 752)
Closing net book value as at 31 December 2021	1 324	4 929	433	4 009	454	158	605	42	11 954
At 31 December 2021									
Cost	2 519	12 549	1 374	11 036	1 394	964	3 102	42	32 980
Accumulated depreciation	(1 195)	(7 620)	(941)	(7 027)	(940)	(806)	(2 497)	–	(21 026)
Net book value	1 324	4 929	433	4 009	454	158	605	42	11 954

Assets are reviewed annually to determine if there is any impairment in their value, and as at 31 December 2021, UN-Women did not have any impairment in property, plant and equipment. UN-Women holds fully depreciated property, plant and equipment which is still in use, with a cost of \$6.3 million as at 31 December 2021.

Note 12
Intangible assets

(Thousands of United States dollars)

	<i>Externally acquired software</i>	<i>Total</i>
At 31 December 2020		
Cost	412	412
Accumulated amortization	(392)	(392)
Net book value	20	20
Movements year to 31 December 2021		
Additions	23	23
Cost adjustments	(19)	(19)
Amortization	(15)	(15)
Closing net book value as at 31 December 2021	9	9
At 31 December 2021		
Cost	416	416
Accumulated amortization	(407)	(407)
Net book value	9	9

Note 13
Accounts payable

(Thousands of United States dollars)

	<i>31 December 2021</i>	<i>31 December 2020</i>
Payables to third parties	9 169	10 925
Payables to United Nations agencies		
United Nations Development Programme	—	4 438
Accruals	3 182	1 701
Total accounts payable	12 351	17 064

Payables to third parties are related to amounts due for goods and services for which invoices have been received. Payables to United Nations agencies represent expenditures incurred on behalf of UN-Women which are settled in the following year.

Accruals represent estimates for the value of goods or services received, for which invoices have not yet been received and for which the liability has occurred and can be reasonably estimated.

Note 14
Employee benefits

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current employee benefits		
Accrued annual leave	16 865	15 147
Accrued home leave	1 855	1 911
After-service health insurance	464	425
Repatriation benefits	1 001	1 543
Death benefit	31	25
Subtotal	20 216	19 051
Non-current employee benefits		
After-service health insurance	103 042	92 997
Repatriation benefits	11 461	20 306
Death benefit	378	352
Subtotal	114 881	113 655
Total employee benefits	135 097	132 706

(a) Current employee benefits

The current portion of employee benefits includes annual leave and home leave calculated in accordance with the Staff Regulations and Rules of the United Nations. Also included are the current portions of accrued after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

Current liabilities relating to employee benefits increased by \$1.2 million (2020: \$4.7 million). Annual leave balances increased by \$1.7 million (2020: \$4.2 million).

(b) Non-current employee benefits

The non-current portion of employee benefits includes the non-current portions of after-service health insurance, repatriation benefits and death benefits, as determined by actuarial valuation.

Actuarial valuations

The liabilities arising from post-employment benefits are determined by independent actuaries, and those employee benefits are established in accordance with the Staff Regulations and Rules of the United Nations.

The actuarial valuation for after-service health insurance, repatriation benefits and death benefits was prepared for the purpose of providing results for financial disclosure and reporting as at 31 December 2021 in accordance with IPSAS 39: Employee benefits.

After-service health insurance

UN-Women provides end-of-service medical benefits for its eligible former staff members and their dependants in the form of insurance premiums for the medical and accident insurance plan. Eligible former staff members are 55 years of age and older and have 5 or more years of service for staff hired before 1 July 2007, or 10 or

more years of service for staff hired on or after 1 July 2007 of contributory health insurance coverage prior to retirement.

The non-current portion of after-service health insurance of \$103 million includes an obligation for active staff not yet fully eligible amounting to \$67.7 million, which represents active employees who are not yet eligible as at the valuation date and is determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of \$106.6 million as at 31 December 2021, and a funding plan for providing 8 per cent commenced from 1 January 2014. The majority of the assets held to support the plan are separately invested in an after-service health insurance investment account by external fund managers (see notes 7 and 24).

The present value of the defined benefit obligations for post-employment medical insurance is determined using the projected unit credit method, including discounting the estimated future cash outflows.

Repatriation benefits

UN-Women provides end-of-service repatriation benefits (grant and travel and shipment of personal effects) for its eligible staff members and their dependants upon separation. Eligible staff are international appointments who have been separated from active service after qualifying service of one year or longer, who resided at the last duty station outside their country of nationality and have not been summarily dismissed or separated from service on grounds of abandonment of post.

The non-current portion of repatriation benefits of \$11.5 million includes an obligation for active staff not yet fully eligible, amounting to \$10.9 million, which represents active employees who are not yet eligible as at the valuation date and which is determined assuming that some portion of each employee group will leave UN-Women prior to meeting the age and service requirements.

The plan is funded to the amount of \$16.4 million as at 31 December 2021, and a funding plan for providing 3.75 per cent commenced from 1 January 2014. The 2021 Actuarial Report resulted in a significant experience gain being recorded due to the decrease in travel and shipment costs and repatriation entitlement weeks between 2019 and 2021. The assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

Death benefits

Death benefit is a post-employment defined-benefit plan. The obligation to provide this entitlement is generated when eligible employees report for service. The payment is made upon the death of an employee who leaves behind a surviving spouse or a dependent child. Staff members on full-time continuous service, on fixed-term, or continuing or permanent appointment are eligible to receive death benefits provided that the staff members are married or have dependent children at their death. No benefit is payable in the case of staff members who are unmarried and/or without recognized dependent children. The plan is fully funded to the amount of \$0.4 million as at 31 December 2021, and the assets held to support the plan are included in the pool of investments of UN-Women (see note 7).

The movement in the present value of the defined benefit in accordance with the actuarial valuation was as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Death benefit</i>
Net defined benefit obligation at the beginning of the year	93 422	21 849	377
Increase of the obligation			
Service cost	8 894	1 618	12
Interest on obligation	3 029	496	8
Actuarial loss/(gain)	1 257	(298)	(17)
Change in demographic assumptions	(125)	(1)	(10)
Experience adjustments	(2 530)	(9 610)	65
Decrease of the obligation			
Benefit payments	(441)	(1 592)	(26)
Net recognized liability at the end of the year	103 506	12 462	409

The benefit payments set out in the table above are estimated on the basis of the 2021 year-end actuarial valuations. As at 31 December 2021, actual benefit payments made by UN-Women were after-service health insurance in the amount of \$0.5 million and repatriation benefits in the amount of \$0.6 million. In 2021, there were no payments for death benefits.

The 2021 annual expense amounts recognized in the statement of financial performance are as follows:

(Thousands of United States dollars)

	<i>After-service health insurance</i>	<i>Repatriation benefits</i>
Service cost	8 894	1 618
Interest on obligation	3 029	497
Total expenses recognized	11 923	2 115

Actuarial assumptions

The end-of-service liabilities were valued using yield curves provided by Aon Hewitt as at 31 December 2021 in order to maintain consistency in actuarial assumptions across the United Nations system. Actuarial valuations were performed using the full discount curves, and once the results were obtained, single equivalent discount rates per scheme were determined for disclosure purposes.

The single equivalent discount rates determined for each scheme are as follows:

<i>Single equivalent discount rates</i>	<i>2021</i>	<i>2020</i>
After-service health insurance	3.37%	3.25%
Repatriation benefits	2.81%	2.36%
Death benefits	2.63%	2.12%

A review was conducted by the actuary of a number of sources and the long-term rate of inflation assumption was based on 2.00 per cent. Other actuarial assumptions were as follows:

Health-care cost trend rates (varies by medical plan)	2.25–3.95%
Salary increase rate (varies by age and staff category)	3.9–9.3%
Per capita claim cost (varies by age)	\$1 020–\$15 344

Benefits under the after-service health insurance plans are attributed in proportion to the years of service from date of hire until full eligibility date, in accordance with the straight-line basis method. Historically, repatriation and death benefits have been based on the straight-line method. As from 1 January 2019, they are attributed based on the benefit formula, which is consistent with the approach used by other United Nations agencies and is in accordance with paragraph 72 of IPSAS 39: Employee benefits. The impact of such a change is disclosed as a change in methodology, and it is included in the total defined benefit cost recognized in the statement of financial performance.

Assumptions regarding future mortality for 2021 are based on the detailed mortality, retirement and withdrawal rates assumptions used for the most recent United Nations Joint Staff Pension Fund scheme valuations, which, in prior years, had been based on published statistics and mortality tables. The change will ensure overall modelling consistency with the Fund scheme. The current rates of death underlying the values of the liabilities in the after-service health insurance and repatriation calculations are as follows:

<i>Rates of death – pre-retirement</i>	<i>At age 20</i>	<i>At age 65</i>
Male	0.00062	0.00495
Female	0.00034	0.00263
<i>Rates of death – post-retirement</i>	<i>At age 20</i>	<i>At age 70</i>
Male	0.00062	0.01113
Female	0.00035	0.00570
<i>Rate of retirement – professionals with 30 or more years of experience</i>	<i>At age 55</i>	<i>At age 65</i>
Male	0.16	1.00
Female	0.20	1.00

Sensitivity analysis

If the assumptions described above were to change, in accordance with the actuarial report, this would have an impact on the measurement of defined benefit obligations and current service and interest costs as shown in the table below.

(Thousands of United States dollars)

	<i>Change</i>	<i>After-service health insurance</i>	<i>Repatriation benefits</i>	<i>Death benefits</i>
Impact of change in assumptions		103 506	12 462	409
Discount rate sensitivity to end-of-year liability				
Increase of discount rate by	0.5%	(12 452)	(561)	(15)
As a percentage of end-of-year liability		-12%	-5%	-4%
Decrease of discount rate by	(0.5%)	14 692	607	17
As a percentage of end-of-year liability		14%	5%	4%
Effect of change in assumed health-care cost trend rates				
Effect on year-end accumulated post-employment benefit obligation				
Increase of health-care cost trend rate by	0.5%	14 210	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(0.5%)	(12 192)	Not applicable	Not applicable
Effect on combined service and interest cost components on net				
Increase of health-care cost trend rate by	0.5%	2 072	Not applicable	Not applicable
Decrease of health-care cost trend rate by	(0.5%)	(1 747)	Not applicable	Not applicable

The best estimate of contributions expected by UN-Women to be paid for the next 12 months for after-service health insurance is \$0.5 million, and for repatriation benefits, \$1.0 million.

United Nations Joint Staff Pension Fund

UN-Women is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in article 3(b) of the Regulations, Rules and Pension Adjustment System of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization that participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UN-Women and the Fund, in line with the other organizations participating in the Fund, are not in a position to identify the Entity's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UN-Women has treated the plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Entity's contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

In the Fund's Regulations, it is stated that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

The financial obligation of UN-Women to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision in article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as at 31 December 2019, and the valuation as at 31 December 2021 is currently being performed. A roll forward of the participation data as at 31 December 2019 to 31 December 2020 was used by the Fund for its 2021 financial statements.

The actuarial valuation as at 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4 per cent. The funded ratio was 107.1 per cent when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as at 31 December 2019, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

Should article 26 be invoked owing to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based on the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2018, 2019 and 2020) amounted to \$7,993.15 million, 0.7 per cent of which was contributed by UN-Women.

During 2021, the Entity's contributions paid to the Fund amounted to \$21.4 million (2020: \$20.2 million). Expected contributions due in 2021 are approximately \$22 million.

Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to a mutually agreed arrangement between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets that is in excess of the liabilities is included in the amount.

The Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and the General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, which can be viewed by visiting its website, www.unjspf.org.

Note 15
Other liabilities

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Current liabilities		
Deferred revenue	533	1 406
Funds received in advance	4 089	3 098
Investment settlements payable	52	324
Other accruals	19 301	18 245
Other payables	1 154	43
Subtotal	25 129	23 116
Non-current liabilities		
Deferred revenue	985	737
Subtotal	985	737
Total other liabilities	26 114	23 853

Deferred revenue represents funds from donors that have been recognized on the statement of financial position and, depending on the nature of the agreement, are recognized as revenue when conditions (if any) are met.

Funds received in advance represent either contributions received prior to the receipt of signed donor agreements (which funds are recognized as revenue upon signature of the donor agreement, consistent with the policy for revenue from contributions), or funds received for joint programmes where UN-Women is the administrative agent (which funds will be disbursed to participating United Nations organizations upon signature of the minutes of their respective steering committees).

Investment settlements payable represent a foreign exchange trade, completed in January 2022 (2020: January 2021). Other accruals represent funds accrued for payments relating to security, learning, information and communications technology, audit and reimbursements due to United Nations jointly funded activities. Other payables represent refunds pending to donors and other liabilities.

Note 16
Accumulated surplus or deficit

The movement in the accumulated surplus or deficit during the year is shown below.

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Accumulated surplus/(deficit) at the beginning of the year	838 617	753 668
Change in revenue recognition policy (note 3)	—	—
Subtotal	838 617	753 668

	31 December 2021	31 December 2020
Current-year surplus/(deficit)	150 726	96 187
Refunds to donors	(4 224)	(2 974)
Actuarial gain/(loss)	11 271	(8 264)
Total accumulated surplus/(deficit) at the end of the year	996 390	838 617

(a) IPSAS reserve

The accumulated surplus includes a balance of \$12.8 million relating to IPSAS reserves. There were no adjustments to the IPSAS reserves during the year.

(b) Refunds to donors

Refunds to donors represents funds returned to donors in accordance with agreements after the completion of activities for projects and programmes.

(c) Actuarial gains or losses

Actuarial gains relating to after-service health insurance, repatriation and death benefit obligations in the amount of \$11.3 million are accounted for using the “reserve recognition” approach and are recognized through net assets in the statement of financial position and in the statement of changes in net assets in the year in which they occur (see note 14).

**Note 17
Reserves**

The movement in the reserves during the year is shown below.

(Thousands of United States dollars)

	31 December 2021	Movements	31 December 2020
Operational reserve	26 520	–	26 520
Field accommodation reserve	1 000	–	1 000
Changes in fair value of available-for-sale investments	8 213	(1 489)	9 702
Total reserves	35 733	(1 489)	37 222

(a) Operational reserve

In accordance with regulation 19.2 of the Entity’s financial regulations and rules and Executive Board decision 2012/8 of 30 November 2012, UN-Women maintains an operational reserve of \$26.5 million, the purpose of which is to guarantee the financial viability and integrity of the agency. No increase was made to the operational reserve in 2021. The reserve is fully funded and held in irrevocable and promptly available liquid assets which are included in the pool of investments of UN-Women. The elements to be compensated for and covered by it shall be limited to downward fluctuations or shortfalls in resources: uneven cash flows; increases in actual costs as compared with planning estimates or fluctuations in delivery; and other contingencies that result in a loss of resources for which UN-Women has made commitments for programming.

(b) Field accommodation reserve

A reserve for field office accommodation of \$1 million was established in accordance with Executive Board decision 2012/8. With the establishment of regional offices and the ongoing potential for increased participation in United Nations common premises, UN-Women may incur additional costs to finance its share. UN-Women can make drawdowns from the reserve, which will be replenished from the accumulated surplus on an annual basis.

Note 18**Voluntary contributions**

(Thousands of United States dollars)

	2021	2020
Contributions	655 802	509 070
Contributions in kind	1 445	1 675
Total voluntary contributions	657 247	510 745

In-kind contributions representing rent provided by Governments and United Nations agencies amounted to \$1.5 million. In-kind services provided to UN-Women during the year amounted to \$1.9 million (2020: \$1 million) and are not recorded as income in these financial statements, in accordance with the accounting policies of UN-Women.

Note 19**Assessed contributions**

(Thousands of United States dollars)

	2021	2020
Assessed contributions	10 078	9 692
Total assessed contributions	10 078	9 692

Assessed contributions are issued as an annual allotment from the United Nations regular budget.

Note 20**Investment revenue**

(Thousands of United States dollars)

	2021	2020
Interest revenue	8 352	6 756
Amortization on investments	158	2 177
Dividend income	448	437
Total investment income	8 958	9 370

Amortization on investments relates to the net bond income balance from amortizing of premiums (debit) and discounts (credit). The premiums and discounts are part of the initial purchase price of bonds and, in observance of accrual accounting

principle, are amortized to maturity or call. A credit has resulted because the portfolio continues to purchase discounted bonds as part of its overall investment strategy.

Note 21
Other revenue

(Thousands of United States dollars)

	2021	2020
Currency exchange gains	2 620	3 550
Miscellaneous revenue	1 947	1 991
Fees and support services	25 720	27 310
Less elimination	(25 356)	(27 067)
Total other revenue	4 931	5 784

Miscellaneous revenue represents reimbursement of rent from the United Nations Secretariat, reimbursement from other United Nations entities for provision of services and miscellaneous revenue. The indirect costs charged by UN-Women in relation to the management of other resources are based on the rate of recovery established by the Executive Board and were recognized during the year as an increase in fees and support services revenue, and at year end, those amounts comprised the elimination items (see note 5).

Note 22
Exchange transactions revenue

(Thousands of United States dollars)

	2021	2020
Exchange transactions revenue	254	106
Total exchange transactions revenue	254	106

Revenue from exchange transactions represents the delivery of products, training and technical support for gender equality courses to other United Nations entities, Governments, civil society organizations and the general public.

Note 23
Expenses

(Thousands of United States dollars)

	2021	2020
Employee benefits		
Salary and wages	113 640	106 974
Pension benefits	21 418	20 220
Post-employment and termination benefits	15 401	12 890
Leave benefits	3 317	5 425
Other employee benefits	12 682	11 229
Subtotal	166 458	156 738

	2021	2020
Contractual services		
Contract services with individuals	120 167	97 889
Contract services with companies	44 028	31 901
United Nations Volunteers costs	6 062	4 614
Subtotal	170 257	134 404
Grants and other transfers	22 072	14 416
Supplies and maintenance		
Maintenance and non-capitalized property	11 799	8 162
Maintenance and non-capitalized information technology and communications equipment	4 049	2 700
Maintenance and non-capitalized software and licences	5 032	3 306
Consumables	2 399	3 913
Subtotal	23 279	18 081
Operating costs		
Communication costs	21 950	17 232
Learning, training and recruitment costs	54 954	36 223
Support services paid to United Nations agencies	9 038	7 235
Insurance/warranties	170	157
Rent, leases, utilities	20 682	20 915
Professional services	3 944	2 750
Freight costs	257	120
Other operating costs	7 067	7 517
General management costs	4 270	3 214
Subtotal	122 332	95 363
Travel costs		
Tickets	4 060	4 382
Daily subsistence allowance	10 177	7 695
Other	2 352	1 655
Subtotal	16 589	13 732
Depreciation and amortization	2 767	2 551
Finance costs		
Bank charges	407	258
Subtotal	407	258
Other expenses		
Stationery and other project expenses	5 142	4 047
Currency exchange losses	2 553	908
Losses on property, plant and equipment	(41)	40
Impairment and prior and current period write-offs	(1 073)	(1 028)
Subtotal	6 581	3 967
Total expenses	530 742	439 510

Note 24
Financial risks

The investment activities of UN-Women are carried out by UNDP under a service-level agreement. Under the terms of the agreement, UNDP applies its investment guidelines and governance framework for the benefit of UN-Women. Investments are registered in the name of UN-Women with marketable securities held by a custodian appointed by UNDP.

The principal objectives of the investment guidelines (listed in order of importance) are as follows:

- (a) Safety – preservation of capital, provided through investing in high quality fixed-income securities emphasizing the creditworthiness of the issuers;
- (b) Liquidity – flexibility to meet cash requirements through investments in highly marketable fixed-income securities and through structuring maturities to align with liquidity requirements;
- (c) Revenue – maximization of investment revenue within the foregoing safety and liquidity parameters.

The UNDP Investment Committee, comprising senior management, meets quarterly to review investment portfolio performance and ensure that investment decisions have complied with the established investment guidelines. UN-Women receives a detailed monthly and quarterly investment performance report from UNDP which shows the composition and performance of the investment portfolio. The Director of Management and Administration, the Deputy Director of Financial Management and the Chief of Budget meet with the UNDP Treasury each quarter to review the investment portfolio performance of UN-Women and provide updated cash flow projections.

In 2016, UN-Women outsourced a portion of the investment management of its after-service health insurance funds. This was done to ensure an adequate level of investment return given the longer-term nature of the liabilities. Holdings may include cash and cash equivalents, equities and fixed-income securities. As at 31 December 2021, this portfolio was classified as available-for-sale.

The external investment managers are governed by the after-service health insurance investment guidelines. The guidelines ensure that all of the investment activities reflect the best conditions of security, accountability and social responsibility while operating in full compliance with the highest standards of quality, efficiency, competence and integrity. These guidelines are reviewed and approved on a periodic basis by the after-service health insurance investment committee, of which UN-Women is a member. The investment committee meets regularly and receives monthly reports from the external investment managers.

UN-Women is susceptible to a variety of financial risks arising from financial instruments to which the organization is exposed, including the following:

- (a) Credit risk – the possibility that third parties may not pay amounts when due;
- (b) Liquidity risk – the possibility that UN-Women might not have adequate funds to meet its current obligations as they fall due;
- (c) Market risk – the possibility that UN-Women might incur significant financial losses owing to unfavourable movements in foreign currency exchange rates, interest rates and prices of investment securities.

The tables below show the value of financial assets outstanding at year end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	<i>Held-to-maturity</i>	<i>Available-for-sale</i>	<i>Receivables</i>	<i>Fair value through surplus or deficit</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Cash and cash equivalents	–	–	101 227	–	101 227	164 785
Investments	583 374	60 954	–	–	644 328	567 395
Accounts receivable	–	–	381 257	–	381 257	255 749
Advances	–	–	48 480	–	48 480	42 651
Other assets	–	–	18 430	–	18 430	7 259
Total financial assets	583 374	60 954	549 394	–	1 193 722	1 037 839

Held-to-maturity financial assets are carried at amortized cost and, as at 31 December 2021, the market value of those assets was lower than book value by \$2.3 million. The carrying values for loans and receivables are a reasonable approximation of their fair value. As at 31 December 2021 available-for-sale assets were carried at fair market value based on quoted prices obtained from knowledgeable third parties. UN-Women had no outstanding balances of financial assets classified as fair value through surplus or deficit.

The tables below show the value of financial liabilities outstanding at year end based on the IPSAS classifications adopted by UN-Women.

(Thousands of United States dollars)

	<i>Other financial liabilities</i>	<i>Fair value through surplus or deficit</i>	<i>31 December 2021</i>	<i>31 December 2020</i>
Accounts payable	12 351	–	12 351	17 064
Other liabilities	26 114	–	26 114	21 861
Total financial liabilities	38 465	–	38 465	38 925

As at 31 December 2021, UN-Women had no outstanding financial liabilities recorded at fair value through surplus or deficit. The carrying value of other financial liabilities is a reasonable approximation of their fair value.

Credit risk

UN-Women is exposed to credit risk on its outstanding financial asset balances, primarily cash and cash equivalents, investments, receivables from contributions, advances, and other receivables.

UN-Women operates bank accounts in five currencies and in four countries: Norway, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America. For other currencies, UN-Women uses the bank accounts of UNDP and relies upon the risk management processes of UNDP. UN-Women is exposed to default risk of those financial institutions.

With regard to its financial instruments, the UNDP investment guidelines limit the amount of credit exposure to any one counterparty and include minimum credit

quality requirements. The credit risk mitigation strategies stated in the investment guidelines include conservative minimum credit criteria of investment grade for all issuers with maturity and counterparty limits by credit rating. The investment guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments are limited to fixed income instruments of sovereigns, supranationals, governmental or federal agencies, and banks. Investment activities are carried out by UNDP and UN-Women offices are not authorized to perform investment activities.

Credit ratings from the three leading credit rating agencies, Moody's, S&P Global Ratings and Fitch, are used to evaluate the credit risk of financial instruments. As at 31 December 2021, the financial investments of UN-Women were in investment grade instruments, as shown in the table below (presented using the S&P Global Ratings rating convention).

Credit ratings of investments under United Nations Development Programme management

(Thousands of United States dollars)

31 December 2021	AAA	AA+	AA	AA-	A+	A	A-	Total
Money market instruments	19 995	—	44 994	39 980	—	—	—	104 969
Bonds and notes	237 898	169 024	45 104	16 373	10 006	—	—	478 405
Total	257 893	169 024	90 098	56 353	10 006	—	—	583 374

31 December 2020	AAA	AA+	AA	AA-	A+	A	A-	Total
Time deposits	—	—	—	60 000	—	—	25 000	85 000
Money market instruments	97 430	39 955	49 923	—	—	—	—	187 308
Bonds and notes	121 059	79 793	13 323	23 964	—	—	—	238 139
Total	218 489	119 748	63 246	83 964	—	—	25 000	510 447

Credit ratings of investments under external investment managers

(Thousands of United States dollars)

31 December 2021	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	United States Treasury	Others	Total
Bonds and notes	785	106	115	510	368	380	159	395	163	2 322	17 108	22 411
Total	785	106	115	510	368	380	159	395	163	2 322	17 108	22 411

31 December 2020 (restated)	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	United States Treasury	Others	Total
Bonds and notes	750	88	—	392	314	128	198	421	347	2 403	14 905	19 946
Total	750	88	—	392	314	128	198	421	347	2 403	14 905	19 946

Externally managed investments are governed by the after-service health insurance investment guidelines. Other rated bonds include government bond funds in the amount of \$17.108 million (2020: \$14.905 million).

Liquidity risk

Liquidity risk is the risk that UN-Women will encounter difficulty in meeting its obligations associated with accounts payable, other liabilities and promised transfers of cash to programmes. UN-Women does not have significant liquidity risks, as its operations and investments are managed in accordance with its budget and with due consideration of cash requirements for operating purposes.

For other resources, the financial regulations and rules of UN-Women require that expenditures be incurred only after receipt of funds from the donor, thereby considerably reducing the financial risk to the organization with regard to contributions receivable.

Investments are made with due consideration to cash requirements for operating purposes based on cash flow forecasting. The investment approach considers the timing of future funding needs of the organization when selecting investment maturities. UN-Women maintains a portion of its cash and investments in cash and cash equivalents (13 per cent) and current investments (26 per cent) sufficient to cover its commitments as and when they fall due, shown in the table below and in notes 6 and 7.

(Thousands of United States dollars)

	31 December 2021	Percentage	31 December 2020	Percentage
Cash balances	3 874	1	7 318	1
Cash equivalents	97 353	12	157 467	22
Total cash and cash equivalents (net)	101 227	13	164 785	23
Investments				
Current investments	193 284	26	343 899	47
Non-current investments	451 044	61	223 496	30
Total current and non-current investments	644 328	87	567 395	77
Total investments cash and cash equivalents	745 555	100	732 180	100

Market risk

Market risk is the risk that UN-Women is exposed to potential financial losses owing to unfavourable movements in market prices of financial instruments, including movements in interest rates, exchange rates and prices of securities.

Interest rate risk

Interest rate risk arises from the effects of market interest rates fluctuations on the following:

- (a) Fair value of financial assets and liabilities;
- (b) Future cash flows.

A portion (9 per cent) of the Entity's investment portfolio is classified as available-for-sale investments that are carried at fair value through net assets/equity, which expose UN-Women to interest rate risk. However, a significant portion (91 per cent) of the investment portfolio is classified as held-to-maturity, which is not marked-to-market. Changes in interest rates do not have an impact on held-to-maturity book carrying values, and therefore changes in interest rates will have no significant impact on net assets and surplus or deficit reported in the financial statements.

UN-Women invests in United States dollar-denominated floating rate debt, which exposes it to fluctuations of future cash flows. This exposes the organization to a decrease in future cash flows of interest income in a declining interest rate environment and an increase in future cash flows of interest income in an increasing interest rate environment. As at 31 December 2021 UN-Women had no outstanding floating rate fixed-income securities.

Equity price risk

In 2021, UN-Women held equity investments in its externally managed portfolio of after-service health insurance funds. The table below presents the price sensitivity of equity investments to a 5 per cent change in equity prices. The sensitivity pertains to equity investments classified as available-for-sale, which are marked to market through net assets/equity; changes in their prices would therefore have no impact on the UN-Women surplus or deficit.

(Thousands of United States dollars)

31 December 2021 market value	Sensitivity variation	Impact on the financial statements	
		Net assets	Surplus or deficit
38 543	5 per cent increase	1 927	—
38 543	5 per cent decrease	(1 927)	—

Foreign exchange risk

UN-Women is exposed to currency risk arising from financial assets that are denominated in foreign currency and financial liabilities that have to be settled in foreign currency.

UN-Women receives donor contributions primarily in United States dollars, but also in a number of major currencies, including the pound sterling, the euro, the Swedish krona and the Norwegian krone. On an ongoing basis, UN-Women evaluates its need to hold cash and other assets in foreign currencies against its foreign currency obligations during the quarterly meetings with the UNDP Treasury. UN-Women commenced a hedging strategy from March 2015.

At 31 December 2021, all investments of UN-Women were denominated in United States dollars. However, cash balances were held in several non-United States dollar currencies, representing 71.5 per cent of total cash balances.

(Thousands of United States dollars)

	United States dollar	Euro	Pound sterling	Norwegian krone	Swedish krona	Others	31 December 2021	31 December 2020
Cash in bank accounts	1 097	1 966	657	32	102	—	3 854	7 289
Petty cash	2	—	—	—	—	18	20	29
Total cash balances	1 099	1 966	657	32	102	18	3 874	7 318

The UNDP Treasury uses derivative instruments, such as foreign exchange forwards, options and structured options, to manage the Entity's foreign exchange exposure. These derivatives are marked-to-market with gains or losses recognized in surplus and deficit in the statement of financial performance. At 31 December 2021, UN-Women had no open derivative positions.

Other price risk

UN-Women is exposed to price risk arising from movement in the prices of financial instruments which might fluctuate owing to factors other than changes in interest rate or currency fluctuations. The conservative nature of the UNDP investment guidelines mitigates potential exposure to other price risk.

Note 25**Budget reconciliation**

The statement of comparison of budget and actual amounts (statement V) is presented in the same format as the integrated budget for 2020–2021, with the additional inclusion of assessed contributions (regular budget activities). As the financial statements are prepared in accordance with IPSAS and the budget is prepared on a modified cash basis, the reported financial results (actual) are adjusted to provide for a comparison to the budget as presented in the statement of comparison of budget and actual amounts. The main changes between the IPSAS financial results and the results on a budget basis relate to difference in the treatment of cost of assets, staff-related accrued benefits and purchase orders and the treatment of cash advances to partners and staff members.

The integrated budget is prepared and presented on a biennial basis. The year 2021 represents approximately 50 per cent of the integrated budget estimates for the biennium 2020–2021.

(a) Regular budget activities – assessed contributions 2021

For the year 2021, there is a total variance showing overexpenditure of \$0.2 million owing to: (i) after-service health insurance reserve contributions, which UN-Women is required to make under its end-of-service liabilities funding plan, while the assessed budget only provides for a pay-as-you-go basis; and (ii) staff taxes and rent, which are reimbursable from the regular budget and treated as accounts receivable in 2021.

(b) Development activities – voluntary contributions 2021**(i) Programme**

The original budgets reflected the original estimates used in the 2020–2021 integrated budget, which were based on total projected resources of \$970 million in voluntary contributions for the biennial period. Total voluntary contributions originally budgeted for 2021 were \$485 million.

Total programme variances are \$9.4 million, split between regular and other resources as follows:

(a) Programme expenditures from regular resources are \$2.7 million lower than the budget. Differences between budgeted and actual expenditure are mainly a result of post vacancies, average staff costs being lower than the pro forma costs, and a decrease in other activities related to planned travel and training costs stemming from the COVID-19 pandemic. Actual delivery rates for the core programme averaged 93.7 per cent, with a budget utilization rate of 95.8 per cent. Regular programme resources are available for spending during the annual budget period only and unspent balances revert to the account held by UN-Women, in accordance with financial regulation 18.3, and form part of the accumulated surplus of regular resources;

(b) Programme expenditures from other resources are \$6.7 million lower than the budget. The difference may be a result of the fact that projects funded from donor

contributions are mostly multi-year, so the deliverables are subject to modification as required during the life cycle of the project, and unspent project resources are carried forward to the following year. The delivery rate averaged 87.7 per cent, with a budget utilization rate of 98.2 per cent.

(ii) Institutional budget (development effectiveness, United Nations coordination, management activities and special purpose)

The institutional budget component of the integrated budget comprises the following cost classification categories: development effectiveness; United Nations development coordination; management activities, including evaluation and audit and investigations; and special purpose. The variance between the final budget and expenditures of \$5.9 million is mostly a result of post vacancies, average staff costs being lower than the pro forma costs, and a decrease in other activities related to planned travel and training costs stemming from the COVID-19 pandemic. The delivery rate and budget utilization rate for the institutional budget was 93.8 per cent. The institutional budget is available for spending during the 2020–2021 biennium. Any unspent balances at the end of the biennium revert to the account held by UN-Women, in accordance with financial regulation 18.3, and form part of the accumulated surplus of regular resources. UN-Women also applies the same practice for year-end unspent balances.

Basis adjustments

The budget is prepared on a modified cash basis and the financial statements are prepared on a full accrual basis in compliance with IPSAS requirements. In order to reconcile the budgetary result with the cash flow statement, the non-cash elements are removed as basis differences. The principal adjustments that have an impact on the reconciliation between the budget and the statement of financial performance are as follows:

- Property, plant and equipment acquisitions are capitalized and depreciated over their useful life under accrual accounting; however, in the budget the full cost is recorded as current year expenses
- Under accrual accounting, employee benefit liabilities are reported in the statement of financial position, and movements in liabilities have an impact on the statement of financial performance; however, they are recorded as expenses when paid in the budget
- Cash advances to partners and staff members payments are recorded as receivables and when liquidated are recorded as expenditures under accrual accounting; however, in the budget they are recorded as expenses.

Timing differences

Timing differences relate to open purchase orders, and are included as expenses as part of the budget in the current year; however, under accrual accounting, expenses are only accrued when goods and services are received.

Presentation differences

Presentation differences are those differences in the format and classification schemes used in the statement of cash flow and in the statement of comparison of budget and actual amounts. As such, the presentation differences in the reconciliation relate to revenue.

Reconciliation: budgetary result with net cash flow

(Thousands of United States dollars)

	<i>Operating</i>	<i>Investing</i>	<i>Total</i>
Actual amount on comparable basis, as presented in the budget and actual comparative statement	(532 832)	–	(532 832)
Basis differences	(139 362)	(72 895)	(212 257)
Timing differences	130	–	130
Presentation differences	681 468	–	681 468
Actual amount in statement of cash flow	9 404	(72 895)	(63 491)

Note 26**Related party transactions Governing bodies**

UN-Women is governed by an Executive Board on the basis of General Assembly resolution [64/289](#), which stipulates in paragraph 57 (b) that the Assembly, the Economic and Social Council and the Executive Board of the Entity shall constitute the multi-tiered intergovernmental governance structure for the operational activities and shall provide operational policy guidance to the Entity. The Executive Board comprises 41 members (elected from five regional groups and one contributing group), who do not receive any remuneration from UN-Women.

The Executive Board of UN-Women also engages with the Executive Boards of other United Nations operational entities in an effort to harmonize approaches to operational activities. Those engagements also provide opportunities for sharing experiences and coordinating programme work on gender equality and gender mainstreaming throughout the United Nations system. The work of the Executive Board is guided by its rules of procedure.

Key management personnel

Key management personnel are the Executive Director, two Assistant Secretaries-General and seven senior Directors, as they have the authority for planning, directing and controlling the activities of the Entity and executing the mandate of UN-Women.

(Thousands of United States dollars)

	<i>Number of individuals</i>	<i>Compensation and post adjustment</i>	<i>Entitlements</i>	<i>Pension and health plans</i>	<i>Total remuneration 2021</i>	<i>Outstanding advances</i>
Key management personnel	9	1 758	145	726	2 269	72
Close family member	1	94	–	30	124	–
Total	10	1 852	145	756	2 753	72

Total remuneration paid to key management personnel and close family members (the spouses of key management personnel) includes net salaries; post adjustment; entitlements, such as allowances, grants and subsidies; and employer pension and health insurance contributions. Advances are those made against entitlements in accordance with the Staff Regulations and Rules of the United Nations. As at 31 December 2021, after-service health insurance, repatriation and

death benefits for key management personnel included in employee benefits liabilities amounted to \$2.4 million, as determined by actuarial valuation.

Note 27

Commitments and contingencies

(a) Open commitments

As at 31 December 2021, commitments of UN-Women for the acquisition of various goods and services contracted but not yet received amounted to \$32.1 million (2020: \$30.3 million).

(b) Lease commitments

As at 31 December 2021, UN-Women had future obligations for minimal lease payments as set out in the table below.

(Thousands of United States dollars)

	31 December 2021	31 December 2020
Obligations for property leases		
Within 12 months	6 619	10 326
1–5 years	8 820	12 054
Beyond 5 years	3 629	4 425
Total property lease obligations	19 068	26 805

The typical contractual leases of UN-Women are between 1 and 10 years, but some of the leases permit early termination within 30, 60 or 90 days. Leases often include provisions that allow for multiple renewals and are at rates considerably lower than the existing market rates. The aggregate difference between the leases at contract rates and their respective market rates is recognized as contribution-in-kind revenue.

(c) Contingent assets

During the year, UN-Women concluded contribution agreements where the total contribution value did not meet the definition of an asset. Those amounts are disclosed in the notes as contingencies until the asset recognition criteria are met, or cash is received from the donor. The total amount of these contingent assets were \$13.3 million as at 31 December 2021.

(d) Legal or contingent liabilities

As at 31 December 2021, UN-Women had a limited number of immaterial contingent liability cases that represented ongoing legal and administrative law claims.

Owing to the uncertainty of the outcomes of the cases, neither a liability nor a provision was recorded as at the reporting date because the occurrence and timing of outflow is not certain. Moreover, on the basis of current knowledge, UN-Women believes that the amount or range of estimated value of any liability resulting from the loss of a claim will not, either individually or in the aggregate, have a material adverse effect on its operations, financial position, financial performance or cash flows. However, because the outcome of such legal matters is inherently unpredictable and subject to significant uncertainties, the possible obligations may

become actual liabilities as a result of the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of UN-Women.

Note 28**Events after the reporting date**

The reporting date for UN-Women is 31 December of each year. The date of certification and transmittal of the financial statements is 30 April of the year after the financial year end. No other material event, favourable or unfavourable, occurred between the balance sheet date and the date on which the financial statements were authorized for issue that would have affected the present statements.

