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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations and report of the Secretary-General on the implementation of the recommendations of the Board of Auditors concerning the United Nations peacekeeping operations for the financial period ended 30 June 2023

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2023 ([A/78/5 \(Vol. II\)](#)). During its consideration of the report, the Advisory Committee met with the members of the Audit Operations Committee of the Board of Auditors, who provided additional information and clarification, concluding with written responses received on 1 February 2024. The Committee also met with representatives of the Secretary-General and discussed the findings of the Board in the context of the related report of the Secretary-General on the implementation of the recommendations of the Board ([A/78/773](#)). The representatives provided additional information and clarification, concluding with written responses dated 13 March 2024.

2. The comments of the Advisory Committee on some of the findings of the Board of Auditors are also provided in its report on cross-cutting issues related to the United Nations peacekeeping operations ([A/78/744](#)) and in its mission-specific reports, as appropriate.

* Reissued for technical reasons on 29 April 2024.



3. In its report, the Board of Auditors indicates that it has audited the peacekeeping headquarters, the 11 active and 35 closed missions and six special-purpose accounts. Upon enquiry, the Advisory Committee was informed that the Board had been able to conduct on-site audits except for in Mali (United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)), owing to security threats.

Cooperation between the Board of Auditors and the Administration

4. The Advisory Committee was informed, upon enquiry, that the cooperation with the Secretariat had been timely and of high quality throughout the audit work and clearance process. The Board of Auditors continued to report the results of audits to the Administration through management letters. The 13 management letters issued by the Board during the period under review concerned the audit of each of the 11 active peacekeeping missions, as well as the audits of the Regional Service Centre in Entebbe, Uganda, and the United Nations Logistics Base at Brindisi, Italy; priority themes of the field audits included budget management and, for the large multidimensional missions, the management of the substantive civilian component.

5. The Advisory Committee recalls paragraph 7 of resolution [77/253 B](#), by which the General Assembly requested the Secretary-General to continue to ensure unhindered communication and cooperation between the Board of Auditors and the Administration in the conduct of audits and during the preparation of their respective reports, which is indispensable to informed decision-making by the General Assembly (see also resolution [76/235 B](#), para. 7; [A/77/802](#), para. 4; [A/76/735](#) and [A/76/735/Corr.1](#), para. 6; and [A/75/829](#), para. 7).

II. Observations and recommendations of the Board of Auditors for the period ended 30 June 2023

A. Financial overview

6. The Board of Auditors indicates that the final approved peacekeeping budget for the financial year 2022/23 amounted to \$6.47 billion, similar to the previous year. Expenditure of \$6.38 billion resulted in an underexpenditure of \$0.09 billion compared with an underexpenditure of \$0.05 billion in 2021/22 ([A/78/5 \(Vol. II\)](#), chap. II, paras. 10 and 12).

7. The Board of Auditors also indicates that the total amount of budget redeployments (between groups and within operational requirements at the mission level) for the financial year 2022/23 was \$129 million, representing 2 per cent of the original budget. This was a decrease from financial year 2021/22, when redeployments amounted to \$194.3 million, representing 3 per cent of the original budget. The most significant redeployment relates to the United Nations Interim Security Force for Abyei (UNISFA), representing 8 per cent of the original budget, or \$23.1 million, including \$21.8 million between groups (*ibid.*, para. 15).

8. The Board of Auditors further indicates that the cash ratio, which measures the ability of an entity to cover its current liabilities with cash (cash equivalent or invested funds) from its current assets, was above or close to 1 for only two missions, while it was close to zero for another four missions (the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Support Office in Somalia (UNSOS), the United Nations Mission in South Sudan (UNMISS) and UNISFA) as at 30 June 2023, showing their difficulties in paying off their debts of less than one year. These missions, as well as the United Nations Mission for the Referendum in Western Sahara (MINURSO), have experienced cash difficulties due to a lack of payment of assessed contributions. This was also the case during the

previous financial year. In this context, the cross-borrowing mechanism among active missions was used extensively. As a result, a total of \$318.9 million has been loaned since 2019 as at financial year-end, including \$97.9 million from the Peacekeeping Reserve Fund, an increase of \$126.4 million compared with the previous financial year, reflecting a 66 per cent year-on-year increase. This total amount represents 5 per cent of the consolidated peacekeeping budget (*ibid.*, paras. 16 and 17).

9. The Board of Auditors notes that the arrears of assessed contributions for peacekeeping operations increased by 8 per cent to \$2,474.0 million in gross value, as at 30 June 2023, and by 11 per cent to \$1,826.6 million in net value, as at 30 June 2023. As a result, outstanding payments to troop- and police-contributing countries at the end of the financial year 2022/23 amounted to \$223.4 million, against \$37.6 million for the previous financial period (*ibid.*, para. 20).

10. Upon enquiry, regarding the allotments for the 2023/24 period, the Advisory Committee was informed, on 6 March 2024, that the Secretariat foresaw a risk of running short on cash reserves by June 2024, which would affect its ability to meet its monetary commitments. In July 2023, the allotments for the period were provided in full for group I, military and police personnel, to cover commitments to troop- and police-contributing countries, and allotments were issued to cover 20 per cent of the expenditures for group II, civilian personnel, and group III, operational costs, pending the submission of a high-level estimate of quarterly spending. In August 2023, an additional allotment was issued to specifically cover up to 75 per cent of the expenditure for groups II and III. The missions were informed that the issuance of the remaining 25 per cent allotment for expenditure of groups II and III for the period would be subject to the assessment of the liquidity situation and the close monitoring of the cash outflows of the quarterly spending. Subsequently, in February 2024, an additional allotment was issued to cover up to 90 per cent of expenditure for groups II and III. The issuance of the remaining 10 per cent allotment for groups II and III would be subject to the assessment of the liquidity situation and the close monitoring of the cash outflows of the monthly spending.

B. Main findings and recommendations

11. The Board of Auditors made 26 new recommendations, all of which were accepted by the Administration. Details of how they can be implemented are provided throughout the report of the Board on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2023, notably in the paragraphs immediately following the formulation of each recommendation (see [A/78/5 \(Vol. II\)](#), summary). Upon enquiry, the Advisory Committee was informed that the paragraphs immediately following the formulation of the recommendations (the recommendation paragraphs appear in bold) were not part of the recommendations per se but provided details as to how the Administration could implement them, and that the Board had made sure, in each case, that the Administration also agreed with what was detailed therein.

12. While acknowledging the efforts to find a common understanding with the Administration, the Advisory Committee notes that the secondary suggestions seem more substantial than the generic overall recommendations. The Committee trusts that the proposals of the Secretariat reflecting transformative initiatives, including those recommended or suggested by the Board, will be submitted to the General Assembly for consideration and approval.

1. Management of budget processes

13. The Board of Auditors indicates that appropriation for peacekeeping operations is following a downward trend owing to the overall reduction of their number and size. The total appropriation fell from \$7.2 billion in 2018/19 to \$6.5 billion in 2022/23. This trend will be amplified in the coming years with the closure of MINUSMA, which had an appropriation of \$1.3 billion in 2022/23, and the transition to the progressive disengagement of the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO), which had an appropriation of \$1.1 billion in 2022/23 ([A/78/5 \(Vol. II\)](#), chap. II, para. 30).

Budget planning, preparation and formulation

14. The Board of Auditors notes the difficulties of developing the budget of peacekeeping operations. The difficulties are linked in particular to the following: (a) the Security Council's mandates, which constitute the basis for the definition of the needs, are usually renewed yearly, but the renewal dates are not aligned with the budget cycle; (b) some underlying assumptions that underpin the structure of the budget may vary significantly by the time the budget is authorized, owing to economic factors (typically inflation and exchange rates) or legislative factors (typically salaries and vacancy rates) (*ibid.*, para. 36).

15. The Board of Auditors highlights some recent progress in terms of the planning, preparation and formulation of peacekeeping budgets, including: (a) the delegation of authority, which enables the missions to prepare their budgets, while final approval rests with the Secretary-General; (b) the utilization of improved budget methodologies to better forecast requirements, in particular in terms of vacancy rates; and (c) the improved forecasting of certain categories of expenditure depending on external factors, such as fuel (*ibid.*, para. 37).

16. The Board of Auditors considers, however, that the budget processes suffer from the limitations of an incremental budgeting approach, in particular regarding the requirement for civilian personnel, as opposed to an approach founded on a "zero basis" (in which all requirements are justified). At present, the Secretariat is only required to explain to the legislative bodies the reasons for variations from one year to the next. The supplementary forms to the budget proposal therefore primarily justify year-on-year evolutions – namely those greater than 5 per cent or \$100,000. Some appropriations are repeatedly and significantly higher than actual expenditures, calling into question the accuracy of the budget development process. (*ibid.*, paras. 40–42).

17. Upon enquiry, the Advisory Committee was informed by the Secretariat that group I (military and police personnel and their support: contingent-owned equipment, rations, transportation of contingents, etc.) and group III (operational costs) were already developed using "zero-based budgeting" in the business planning and consolidation module in Umoja used for budget formulation. For group II (civilian personnel), the system is based on an incremental approach, with only changes in staffing being reflected in the budget proposals (see also *ibid.*, para. 40).

18. The Advisory Committee was informed by the Secretariat that no justification was required for posts already approved by the General Assembly as part of the staffing table of a mission. A re-justification of all posts on an annual basis would require system changes and additional resourcing to implement the change within missions and support entities, as well as at Headquarters, during the review process. The Committee was further informed, upon enquiry, that, according to the Board of Auditors, the question was not specifically to generalize a "zero-based budgeting" approach, but to find ways to increase the accuracy of budget formulation.

19. The Advisory Committee notes the efforts to increase budget accuracy, including through the development of zero-based budgeting, and trusts that

these efforts will also embed the culture of efficiency, including in the context of the independent strategic and civilian staffing reviews.

20. In addition, the Board of Auditors considers that the formulation of peacekeeping budgets lacks a multi-year perspective, especially with regard to asset management. The Board proposes providing such perspective where appropriate, in particular in the areas of construction, asset management and replacement plans. The multi-year perspective would be approved once by the legislative bodies and then resourced every year, as long as there are no changes to the mandate or operational requirements (ibid., paras. 44 and 66). **The Advisory Committee notes that the peacekeeping environment is volatile and requires frequent adjustments to existing plans in line with the mandate. Consequently, the Committee considers that the development of a multi-year perspective should include, but not be limited to, the most relevant areas, including construction, asset management, particularly air assets, and replacement plans, particularly for vehicles and information and communications technology.**

21. Moreover, the Board of Auditors is of the view that the budget development process suffers from a lack of participation of key stakeholders at the Headquarters level. Budget development and approval is a structured and formalized process set out by the Controller. In accordance with the delegation of authority framework (see [ST/SGB/2019/2](#)), the authority for decisions on a mission's budget is delegated to the Special Representative of the Secretary-General in consultation with relevant Headquarters entities. The Board considers that consultations at the Headquarters level would benefit from being as comprehensive, inclusive and participative as possible and suggests enhancing the quality of its internal budget development process by developing communications, training and capacity-building ([A/78/5 \(Vol. II\)](#), chap. II, paras. 47–49 and 67). **The Advisory Committee acknowledges the need to increase the participation of stakeholders at Headquarters in the planning and formulation of peacekeeping budgets in order to reduce the risk of fragmentation resulting from the delegation of authority. The Committee considers that such participation requires clear definition and delineation of the respective roles and responsibilities of the stakeholders vis-à-vis peacekeeping operations to avoid gaps or duplication.**

22. In terms of scalability, the Board of Auditors notes that opportunities are underexploited. For instance, the support account for peacekeeping operations, amounting to \$372 million in 2022/23, is not designed on a scalability model; while, at the service centre level, the scalability models for the United Nations Logistics Base in Brindisi and Valencia (UNLB) (expenses amounting to \$66 million in 2022/23) and the Regional Service Centre in Entebbe (expenses amounting to \$43 million in 2022/23) could be improved (ibid., paras. 52 and 58). Upon enquiry, the Advisory Committee was informed that the Board was not in a position to audit the end-to-end process of the UNLB scalability model owing to the lack of an auditable data matrix and established methods to collect data in Umoja or any other relevant information system that would have permitted audit checks to be carried out in order to ensure the accuracy and robustness of the data and the methods followed by UNLB (see also ibid., para. 59). **The Advisory Committee notes the lack of an auditable data matrix and established methods to collect data via Umoja or any other relevant information system to audit the scalability model of UNLB.**

23. With regard to the support account, the Board of Auditors suggests notably a mapping of the tasks of the support account in order to determine to what extent they have a positive, neutral or negative correlation to the reduction of the size of the peacekeeping portfolio and deduce from this analysis a credible scope and model of “scalability” (ibid., para. 69). The Secretary-General indicates that in accordance with General Assembly resolution [77/304](#), a scalability model report will be submitted to the Assembly during its seventy-ninth session ([A/78/773](#), para. 11).

24. With respect to the scalability related to the closure of MINUSMA, the Advisory Committee was informed, upon enquiry, that for the 2024/25 budget period, the Secretariat proposes the abolishment of 22 positions, including 8 posts from the Mali Integrated Operational Team in the Department of Peace Operations (1 D-1, 1 P-5, 3 P-4, 1 P-3 and 2 General Service (Other level)); 11 posts from the Department of Operational Support (1 P-5, 3 P-4, 2 P-3 and 5 General Service (Other level)); 2 posts from the Department of Management Strategy, Policy and Compliance (1 P-3 and 1 General Service (Other level)); and 1 post from the Office of Internal Oversight Services (OIOS) (1 General Service (Other level)).

25. The Board of Auditors recommends that the Administration:

(a) Develop a strategy and propose to the General Assembly ways to improve budget development for peacekeeping operations, in order to achieve greater accuracy, predictability and efficiency;

(b) Analyse the sustainability of the support account, taking into consideration the consequences of the reduction or closure of peacekeeping missions, and develop scalability models for both Headquarters and service centres ([A/78/5 \(Vol. II\)](#), chap. II, paras. 65 and 68).

26. Subject to its observations and recommendations in paragraphs 19 to 22 above, the Advisory Committee concurs with the recommendations of the Board of Auditors on budget planning, preparation and formulation and considers that a forward-looking and holistic approach to budget development and implementation should be adopted to achieve greater accuracy, predictability and efficiency in peacekeeping operations.

Revenue and liquidity management

27. The Board of Auditors underlines that peacekeeping operations face liquidity tensions. The amount of cash at year-end has declined in recent periods, from \$1,069 million as at 30 June 2020 to \$438 million as at 30 June 2023. These tensions mostly reflect a difficulty in collecting assessed contributions at a rhythm that would enable the coverage of expenditures. As at 30 June 2023, unpaid contributions for active missions amounted to \$1.8 billion, representing 28 per cent of the assessed contributions (*ibid.*, paras. 78, 80 and 81). With regard to the collection of assessed contributions for active peacekeeping missions since July 2018, the Advisory Committee was provided, upon request, with the table below (see also [A/78/5 \(Vol. II\)](#), chap. II, table II.6).

Collection of assessed contributions of active peacekeeping operations

(United States dollars)

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 ^a
Opening outstanding assessments	1 557 670 675	1 481 170 411	1 699 390 114	1 735 801 800	1 717 365 321	1 786 254 486
Net assessments during the year ^b	6 875 862 799	6 776 375 853	6 660 757 910	6 222 142 109	6 369 281 852	5 803 557 541
Collection during the year (including credits) ^c	6 952 363 062	6 558 156 150	6 624 346 224	6 266 656 069	6 300 392 686	5 390 692 655
Closing balance	1 481 170 411	1 699 390 114	1 735 801 800	1 717 365 321	1 786 254 486	2 199 119 372

^a As at 12 March 2024.

^b Amounts which the General Assembly determines should be assessed to finance the approved appropriation, shared among Member States in accordance with the scale of assessment less the amount set off against the apportionment among Member States for their respective share in the Tax Equalization Fund, also referred to as staff assessment income.

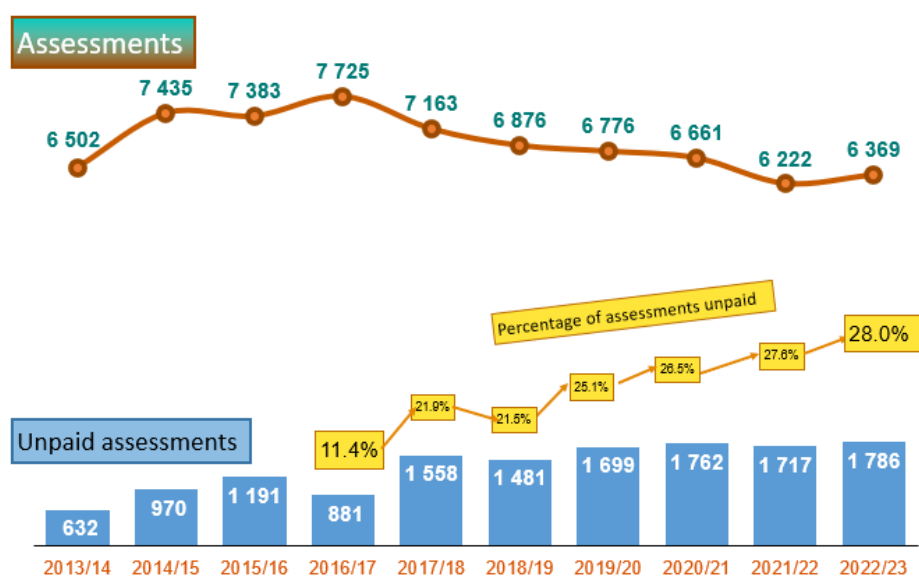
^c Amounts returned to Member States for unspent funds from prior periods in accordance with the General Assembly resolution for the respective missions.

28. The Board of Auditors notes that unpaid or delayed assessments are increasing despite declining peacekeeping budgets. The figure below shows the scissor effect of the increasing percentage of unpaid contributions at the end of the year and the decreasing trend of peacekeeping assessments (see A/78/5 (Vol. II), chap. II, para. 82 and figure II.VI).

29. The Advisory Committee trusts that disaggregated information on the unpaid assessments and credits used by peacekeeping missions along with the collected amount, as well as the expenditure information by budget cycle over a period of 10 years, will be analysed systematically to demonstrate the overall liquidity challenges, including at the mission level.

Peacekeeping assessments and fiscal year-end arrears

(Millions of United States dollars)



30. The Board of Auditors recalls that, in its resolutions 73/307 and 76/272, the General Assembly put in place a series of mechanisms to alleviate the liquidity pressures faced by peacekeeping operations, including the management of the cash balances of all active peacekeeping operations as a pool, allowing cross-borrowing among active peacekeeping missions while maintaining the balances in separate funds for each mission, and the use of the Peacekeeping Reserve Fund as a liquidity mechanism up to the level of \$110 million for active peacekeeping operations (keeping, as originally intended for the Fund, an amount of \$40 million in reserve to support new missions and the expansion of existing missions) (A/78/5 (Vol. II), chap. II, paras. 84–87). Upon enquiry, the Advisory Committee was informed that the Secretary-General would submit a report on the impact of resolution 76/272 and any further measures to improve the financial situation of the United Nations, including peacekeeping operations, to the Assembly at its eightieth session.

31. The Board of Auditors indicates that as at 30 June 2023, the total amount borrowed through the cross-borrowing mechanism and the Peacekeeping Reserve Fund amounted to \$318.9 million, representing an increase of 66 per cent compared with the total amount cross-borrowed as at 30 June 2022. As at 30 June 2023, debt represented 69 per cent of the approved budget for 2022/23 for UNMIK and 22 per cent of the approved budgets of both UNISFA and MINURSO while \$204.6 million was still due for active peacekeeping operations (ibid., paras. 93–95 and table II.7).

Upon enquiry, the Advisory Committee was informed that the risk for missions that had borrowed large amounts is that they will not be able to repay them.

32. The Board of Auditors notes that MINUSMA remained the main lender of the cross-borrowing mechanism in 2022/23 (\$152 million as at 30 June 2023) and that the closure of the mission may put pressure on the sustainability of the cross-borrowing mechanism (*ibid.*, paras. 92 and 98).

33. Upon enquiry, the Advisory Committee was informed that, if borrowing mechanisms were to be extended or even expanded, a regulatory framework would be needed. Such a framework would “ensure that cash and resource management are clearly delineated” and “avoid an imbalance in the mechanism in either direction, or a risk of de facto cross-funding” (see also [A/78/5 \(Vol. II\)](#), chap. II, para. 108). **The Advisory Committee concurs with the Board of Auditors regarding the need to develop a clear framework for cash management.** The Committee further comments on cross-borrowing in its report on cross-cutting issues related to peacekeeping operations ([A/78/744](#)).

34. The Board of Auditors considers that liquidity management is not meant to completely overcome the difficulty of collecting contributions in full and on time. In June 2023, the Secretariat was unable to cope with the size of the deficit and ensure timely payments to troop- and police-contributing countries, leaving a total of \$224 million due in relation to contingent-owned equipment. To deal with a worsening situation in 2022/23, the Controller found it necessary to slow down expenditure in an effort to align projected outflows with anticipated inflows (see [A/78/5 \(Vol. II\)](#), chap. II, paras. 90, 99 and 106). Upon enquiry, the Advisory Committee was informed that the claims amounting to \$224 million had been subsequently settled in late September 2023.

35. The Board of Auditors recommends that the Administration present, in its next report to the General Assembly on improving the financial situation of the United Nations, desirable evolutions in revenue, expenditure and liquidity management for peacekeeping operations (*ibid.*, para. 109).

36. To implement the above-mentioned recommendation, the Board of Auditors suggests that the Secretariat could, notably, look at possible ways to propose to the General Assembly that the Secretariat assess the financial impact of revisiting the principle of a “special account” for each peacekeeping operation, in order to mitigate the impact of a delayed payment of an assessed contribution on a given mission; this could include a mechanism for distributing revenue among peacekeeping operations in proportion to their appropriation (*ibid.*, para. 110). Upon enquiry, the Advisory Committee was informed that such a system (pooling the resources of peacekeeping operations) could significantly mitigate the risks associated with uneven revenue collection across peacekeeping operations.

37. The Board of Auditors notes that, so far, the flexibilities in liquidity management do not allow the Organization to take advantage of the different seasonality of volume I and volume II revenue collection. The regular budget experiences a shortage usually from September to December, while peacekeeping experiences a shortage from March to June (except in years when the scale of assessments is adjusted). However, liquidity tension for the regular budget can be felt from January, when the year begins with very little cash. The ability to borrow across fiscal periods would be fundamental to the success of an inter-volume borrowing regime (*ibid.*, para. 108). The Advisory Committee was informed, upon enquiry, that the Board did not recommend explicitly to put in place a cross-borrowing mechanism between volumes I and II, but only suggested that the Secretariat could present complementary ways to “propose to the General Assembly that the Secretariat ensure the sustainability of the peacekeeping cash position, including by discussing the pros

and cons of adjusting and complementing the existing tools to better meet the needs” as well as “periodically review the levels of borrowing for any corrective measures that may be warranted” (see also [A/78/5 \(Vol. II\)](#), chap. II, para. 112).

38. The Advisory Committee was also informed that, according to the Board of Auditors, planning was all the more necessary in the current financial situation. The Board invites the Administration to find complementary ways to ensure greater predictability of revenues, expenditures and cash needs, including by refining collection projection models and engaging with key contributors to ensure greater attention from their national budgetary authorities to the financial needs and performance of peacekeeping operations, and strive to make the payment of contributions more predictable, in full and on time, or even earlier (*ibid.*, para. 110).

39. The Advisory Committee agrees with the Board of Auditors regarding the need to enhance the predictability of revenues, expenditures and cash needs. However, the Committee notes that assessing the financial impact of revisiting the principle of a “special account” for each peacekeeping operation, by distributing revenue among peacekeeping operations in proportion to their appropriation through a pooling of resources of peacekeeping operations, requires preliminary guidance from the General Assembly and may have implications on the transparent management of resources. The Committee also notes that the cross-borrowing mechanism between volumes I and II is not a practical solution for consideration.

Budget implementation

40. The Board of Auditors found gaps between budget formulation and implementation. For instance, budget formulation considers costs and activity parameters as they are known at the time of the process (i.e. 6 months before the budget is implemented). If methodological adjustments and refinements have been made to define more reliable fuel costs and vacancy rates, these methods are still based on the latest actual costs/rates and not on projected trends. This time lag is also reflected in the renewal of the reimbursement rates for troop- and police-contributing countries and contingent-owned equipment, which are not aligned with the budget cycle. The same applies to the revision to the salary scales of staff (*ibid.*, paras. 118 and 119).

41. The Board of Auditors noticed variable flexibility of budget implementation at the field level. For group I, military and police personnel, commitments are made in full at the beginning of the period directly at the Headquarters level by the Uniformed Capabilities Support Division, with invoicing on a quarterly basis. Commitments for group II, civilian personnel, and group III, operational costs, are made at the level of the mission. According to the Board, redeployment between and within groups is an essential management tool in the implementation of the budget and the Board underlines that Heads of peacekeeping operations have been delegated the authority to reallocate consumables between classes within the same group and, more importantly, between expenditure groups. The Board recalls that the Controller’s memorandum of 15 March 2021 sets out the instructions and conditions for implementing the redeployments within the applicable financial regulations and rules (*ibid.*, paras. 124–128). **The Advisory Committee notes the views of the Board of Auditors regarding the flexibility provided by the redeployments between groups in terms of cash management and the importance of Headquarters oversight in this area.** The Committee further comments on redeployment between groups in its report on cross-cutting issues related to the United Nations peacekeeping operations ([A/78/744](#)).

42. With regard to the monitoring of budget implementation, the Board of Auditors is of the view that there are opportunities to strengthen the second line of defence. The Board found that, during the budget implementation process, the role of the Field Operations Finance Division as a second line of defence appears to be unclear and inconsistently carried out. The Board considers that the coordination between the different actors of the second line of defence needs to be improved (A/78/5 (Vol. II), chap. II, paras. 135 and 136). In its previous report on peacekeeping operations, the Board had concluded that the weakness of this second line of defence in the context of the delegation of authority was a major risk for the Organization (see A/77/5 (Vol. II), chap. II, paras. 129–139).

43. Upon enquiry, the Advisory Committee was informed by the Secretariat that the United Nations System Chief Executives Board for Coordination and its High-level Committee on Management had endorsed the three lines of defence model in 2014. The three lines of defence make up a combined assurance model that describes how the control framework mitigates risk by operating across three levels in the Secretariat: (a) the first line of defence relates to the controls operated by Secretariat entities in their day-to-day operations; (b) the second line of defence relates to the controls operated by centralized business-enabling functions at United Nations Headquarters, such as budget and finance, human resources, supply chain management, risk management and legal and regulatory compliance; and (c) the third line of defence is the independent assurance that is provided by OIOS.

44. The Board of Auditors recommends that the Administration define the roles and responsibilities of budget monitoring of peacekeeping operations by different stakeholders of the second line of defence to ensure that appropriate checks and balances are in place and greater attention is paid to budgetary discipline and mandate priorities.

45. The Advisory Committee concurs with the recommendation of the Board of Auditors on budget implementation as it considers that there is a need to increase, define and delineate the roles and responsibilities of the different stakeholders at Headquarters in monitoring the budgets of peacekeeping operations.

Accountability on budget management and reporting on performance

46. The Board of Auditors indicates that the results-based budgeting framework and associated tools have been gradually rolled out to ensure accountability and reporting on performance. The Board notes that both the budget performance report and the proposed budget are occasions to link budget and performance. Since the management reform and the revised delegation of authority, heads of mission submit to the Controller forms for the preparation of the budget proposal and budget performance reports. Both reports are harmonized. The Secretary-General also submits an annual overview report on the financing of peacekeeping missions (A/78/5 (Vol. II), chap. II, paras. 147, 150 and 151).

47. The Board of Auditors considers, however, that quantitative and qualitative shortcomings make it difficult to analyse, within the budget process, the effective use of resources and progress made in implementing the mandates. Performance reports appear laborious and burdensome for missions. A substantial portion of the data gathered within the results-based budgeting framework does not appear to be strategic enough: there are too many intermediary indicators and outputs, which does not allow for a straightforward and effective consideration of mission progress towards achieving mandated tasks and making an effective use of resources (*ibid.*, para. 153).

48. The Board of Auditors is of the view that with the deployment of the Comprehensive Planning and Performance Assessment System in all peacekeeping

operations, missions can now use this tool to feed the results-based budgeting and limit redundancy in data collection. The Board considers that the reporting process should be streamlined to reduce the burden on managers, notably by limiting redundancies and better articulating accountability requirements. One of the biggest issues in the field is that missions have too many different tools and solutions, such as Umoja and the Comprehensive Planning and Performance Assessment System among others. Moreover, there is a need to better bridge budget implementation and performance. According to the Board, the current disconnect between mission-mandated tasks, on the one hand, and resource allocation and actual expenditures, on the other, needs to be overcome. A solution would be to link expenses to the mission mandate. At present, significant operational costs are not tracked against their mandates. For example, aviation costs are budgeted under mission support yet provide support to the military components and multiple tasks in the mandate, as do fuel, generators and construction (*ibid.*, paras. 163, 168, 172 and 177).

49. The Board of Auditors recommends that the Administration:

(a) Streamline and improve the quality of the data used in accountability reports produced as part of the results-based budgeting;

(b) Develop a methodology to gradually build up a presentation of the main expenses according to an analytical breakdown by mandate component (*ibid.*, paras. 173 and 175).

50. Upon enquiry, the Advisory Committee was informed that the peacekeeping operations are encouraged to better coordinate and align budgetary and operational planning perspectives. Missions have started aligning their Comprehensive Planning and Performance Assessment System and results-based budgeting frameworks, thereby effectively strengthening the impact-orientation of the results-based budgeting frameworks. In view of the current budgeting and accounting systems of the Organization, however, the implementation of the recommendation to present expenses by mandate component will require a major shift in practices and changes to the Umoja systems. Any changes will be contingent on the resources available within peacekeeping budget-funded entities to fund the required training and change management.

51. The Advisory Committee concurs with the recommendation of the Board of Auditors to streamline and improve the quality of the data used in the accountability reports produced as part of the results-based budgeting. The Committee considers that the proposal to present the main expenses by mandate component requires further analysis and clarification and trusts that any development in this area will take place within existing resources.

2. Management of civilian component of multidimensional peacekeeping operations

52. The Board of Auditors decided to audit the substantive civilian component of four multidimensional peacekeeping operations (United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA), MINUSMA, MONUSCO and UNMISS) totalling 3,225 positions in 2022/23. The global budget appropriation of the component (including operational costs) reached \$332.5 million in 2022/23, representing 14.1 per cent of the entire appropriation for these missions. According to the Board, the term substantive applies to civilian staff responsible for performing front office operations and contributing to the implementation of the mandate's objectives, as opposed to back-office support functions (*ibid.*, paras. 182 and 183).

53. The Board of Auditors focused on the following areas of intervention of the civilian component: protection of civilians; political affairs; civil affairs; disarmament, demobilization and reintegration; human rights; child protection; and women and peace and security. The Board also audited the role played by Headquarters and the service centres in Brindisi and Entebbe to support the civilian components (ibid., para. 184).

54. The Advisory Committee notes that the analysis presented focuses on parts of the substantive civilian component and that two of the four multidimensional peacekeeping operations reviewed by the Board of Auditors (MINUSMA and MONUSCO) are in the liquidation or drawdown phases. The Committee trusts the Secretary-General will include the analysis of a methodology to include ratios between different components of the personnel of peacekeeping operations, particularly between uniformed and civilian personnel and between substantive and support staff, for all peacekeeping missions in the next overview report.

Translating the mandate and planning the civilian component's operations

55. The Board of Auditors notes the growing complexity of multidimensional peacekeeping operations, as their mandates given by the Security Council tend to cover a very wide and diversified scope. The range of tasks assigned has expanded over time (ibid., para. 188).

56. The Board of Auditors indicates that there are three levels of field-based planning tools: (a) the mission plan, under the responsibility of the Special Representative of the Secretary-General with the support of the Office of the Chief of Staff; (b) cross-cutting strategies, such as women and peace and security or the protection of civilians, under the responsibility of the Special Representative of the Secretary-General with the support of dedicated personnel; and (c) workplans of the sections of the civilian component, which are operational plans (ibid., para. 192).

57. The Board of Auditors considers that the added value of the mission plan is not obvious if it is not clearly distinct from the mission concept. Moreover, the section workplans are not based on standardized formats, and major planning shortcomings have been observed in the field. The Board also considers that the formalization of the planning process is insufficient and that an effective tool to support planning within the mission is currently lacking, even though the Comprehensive Planning and Performance Assessment System was adopted as a tool to support planning (ibid., paras. 193–196).

58. In addition, the Board of Auditors observes that the involvement of Headquarters in mission planning is inconsistent. Headquarters could play a more proactive role in ensuring that the key objectives of the mandate are effectively prioritized and adhere to the strategic guidance and political strategies, and that best practices are shared among peacekeeping operations. The Board notes that the Integrated Assessment and Planning Unit supports the integrated operational teams in developing and updating the mission concepts, and the teams draft and finalize the document unless agreed otherwise with the missions. Other component concepts, such as the military concept of operations and the police concept of operations, are finalized by the Office of Military Affairs and the Office of Rule of Law and Security Institutions, respectively, of the Department of Peace Operations. It remains the case that heterogeneous planning within missions reveals the lack of a detailed policy covering the whole planning process (ibid., paras. 199, 200 and 203).

59. With regard to the mission deployment phase, the Board of Auditors considers that sequencing of the civilian operations needs to be implemented, considering that, by their very nature, many of the tasks of the civilian component cannot be performed effectively unless the peacekeeping operation has first been able to restore peace and

security to some degree. The recent experience of MINUSMA confirmed that the establishment of minimum conditions of security and stability is a prerequisite for the civilian component to operate effectively. With respect to the phases of transition and withdrawal of peacekeeping missions, the Board also considers that the lack of anticipation and sequencing of the civilian operations is detrimental (*ibid.*, paras. 212, 215 and 218). Upon enquiry, the Advisory Committee was informed that, according to the Board, the sequencing of activities, which was sorely needed, could be part of the operationalization of the mandated priorities.

60. The Board of Auditors recommends that the Administration review the planning of the civilian component's operations to ensure, after in-depth consultations, a more realistic multi-year sequencing of the implementation of the mandate and a better alignment with strategic priorities.

61. The Advisory Committee acknowledges the view of the Board of Auditors regarding the value of multi-year sequencing to implement missions' mandates, while noting the competence of the Security Council to define mandate priorities and the flexibility given to the mission leadership in implementing mandates at the operational level.

Resourcing and management of the civilian component

62. The Board of Auditors was made aware of a significant growth in the cost of the substantive civilian component, despite a stable headcount. In terms of staffing, the civilian component of the four large multidimensional peacekeeping missions reached 3,225 positions in 2022/23, a figure that decreased by 2 per cent in the past five years, while the related appropriation (substantive part of group II, civilian personnel) reached \$253 million, which represents a 16 per cent increase over the past five years (*ibid.*, paras. 235 and 238).

63. In terms of managing financial resources, the Board of Auditors notes that to complement the assessed budget, the missions call on extrabudgetary funds to finance posts and activities that contribute to the fulfilment of their mandate. For instance, the Department of Peace Operations relies on extrabudgetary funds to operate some of its activities hosted by the United Nations Logistics Base. The standing capacities resources are dependent on the annual appeals to donors for uncertain extrabudgetary funding. According to the Board, these capacities have proved to be integrated, cost-effective, complementary resources that have ensured coherent and coordinated support to both the special political missions and other non-peacekeeping Secretariat entities (*ibid.*, paras. 240, 243 and 246). Consequently, the activities of the standing capacities are increasingly dedicated to these non-peacekeeping entities. Upon enquiry, the Advisory Committee was informed that, between 2020/21 and 2022/23, the share of deployments to peacekeeping operations for the Justice and Corrections Standing Capacity and the Standing Police Capacity had dropped from 74 per cent to 66 per cent and from 72 per cent to 51 per cent, respectively.

64. In terms of managing staff, the Board of Auditors indicates that the civilian components of multidimensional missions face challenges that affect vacancy rates and staff rotation. On the one hand, the civilian components suffer from significant vacancies in senior management positions, particularly for heads of field offices. On the other hand, some staff remain in post for a long time, which can lead to an erosion of performance (*ibid.*, paras. 249, 250 and 255).

65. The Board of Auditors recommends that the Secretariat provide information in the budget documentation on the costs of the substantive civilian component of peacekeeping operations (*ibid.*, para. 260). **The Advisory Committee concurs with the recommendation of the Board of Auditors on the resourcing and management of the civilian component.**

66. The Administration agreed with the recommendation and highlighted that detailed information on the number of posts and positions per grade level is already provided for each component within a mission and that the presentation will be enhanced to include the costing of this information for all components. In addition, for those missions that have programmatic funding, the information in future budget reports will be further enhanced to also be provided by component ([A/78/773](#), para. 25).

Integration of the civilian component within the mission and coordination with other stakeholders

67. The Board of Auditors considers that the civilian components do not appear to be sufficiently integrated with the other components of multidimensional peacekeeping operations. It notes that integrated structures have been set up to support integration of the different components; the Joint Operations Centre and the Joint Mission Analysis Centre being the best examples of the consolidation and analysis of information received from the field. Nevertheless, the Board considers that when joint actions of civilian and uniformed components are expected, for instance in the area of protection of civilians, disarmament, demobilization and reintegration, and security sector reform, the integration is not always adequate ([A/78/5 \(Vol. II\)](#), chap. II, paras. 263, 267 and 270).

68. The Board of Auditors notes that the chains of command within missions are clearly separated into four pillars: (a) force; (b) police and (c) mission support, with their own concept of operations and reporting line to the Special Representative of the Secretary-General; and (d) other elements of the civilian component, which report to the Special Representative directly or through a Deputy Special Representative. Nevertheless, the Office of the Chief of Staff, which supports the Special Representative in the strategic management of all pillars, appears as a key organizational factor of mission integration (*ibid.*, para. 272).

69. The cooperation between the civilian components and other entities of the United Nations system appears uneven. With regard to the United Nations specialized agencies, funds and programmes, the integration between the United Nations country team and peacekeeping missions is included in strategic documents and policies. In the integrated missions, the coordination function is manifested by the “triple-hatted” Deputy Special Representative of the Secretary-General, acting as both Resident Coordinator and Humanitarian Coordinator. Direct coordination between subcomponents and specific agencies, funds and programmes, at the operational level, remains variable. The Board of Auditors recalls that “a model in which a United Nations entity is in charge of implementing objectives of the peacekeeping mandate has been attempted”. Indeed, “In 2012, in the final year of the United Nations Integrated Mission in Timor-Leste, the United Nations Development Programme (UNDP) received funding from the Mission for rule of law activities, under a specific memorandum of understanding geared towards sustaining essential rule of law work during and after the transition. The Mission focused on the political dimensions of rule of law, while UNDP focused on the more technical and developmental aspects.” (*ibid.*, paras. 279, 280, 286 and 301).

70. Upon enquiry, the Advisory Committee was informed by the Secretariat that in multidimensional peacekeeping operations that are deployed alongside a United Nations country team, greater strategic and programmatic integration in the support provided by the United Nations system to countries is achieved through joint assessments and joint programmes, particularly in the area of stabilization, restoration of State authority, rule of law and security sector reform. The Secretariat notes, however, that there may be limits to implementing mandates through agencies, funds and programmes: typically, their footprint is more limited, and even when working in

broadly similar mandate areas (e.g. rule of law), their expertise and functions would be distinct from those of specialists from peacekeeping operations in the same area. There may also be financial and operational factors to consider. For instance, there are additional overhead costs associated with implementing through agencies, funds and programmes, and some may face longer recruitment and deployment timelines than missions.

71. The Board of Auditors recalls that the revised Policy on Integrated Assessment and Planning (2023) requires the existence of a senior leadership forum comprising key in-country United Nations decision makers and a joint analytical and planning capacity to ensure shared analysis, planning, decision-making, coordination, monitoring and evaluation. According to the Board, a review of the implementation of this measure by missions and the provision of support for them to enact it and streamline their overall strategic management processes would foster the progress needed on integration (*ibid.*, para. 303).

72. The Board of Auditors recommends that the Administration:

(a) Review and adjust existing senior mission leadership mechanisms, in line with the revised Policy on Integrated Assessment and Planning, to enhance their effectiveness in the delivery of their core integration and strategic management functions;

(b) Explore new ways of working with United Nations agencies, funds and programmes regarding the implementation of the objectives of the peacekeeping mandates (*ibid.*, paras. 304 and 306).

73. With regard to the recommendation to review and adjust existing senior mission leadership mechanisms, the Board of Auditors indicates that such mechanisms should: (a) centre on an integrated senior leadership forum comprising key in-country United Nations decision makers, inclusive of the Deputy Special Representatives of the Secretary-General and the mission Chief of Staff; (b) be streamlined to subsume, to the extent possible, other coordination mechanisms and lighten the burden on managers; (c) support all stages of the integrated, strategic management process, from planning to monitoring and reporting, from defining shared responsibilities and joint actions to assessing performance and impact; and (d) be supported by a joint analytical and planning capacity to ensure shared analysis, planning, decision-making, coordination, monitoring and evaluation.

74. The Advisory Committee considers that the recommendation to review and adjust senior mission leadership mechanisms would need to be more specific for it to be properly implemented and notes that the Administration agreed to explore new ways of working with the United Nations agencies, funds and programmes on the implementation of the objectives of the peacekeeping mandates in the context of transition planning (see [A/78/773](#), para. 29). The Committee trusts that missions will improve the planning in earlier phases while avoiding duplication of efforts.

Performance and accountability of the civilian component

75. The Board of Auditors assessed that reporting on the performance of the civilian component mobilizes abundant data but employs uncoordinated tools (for instance, Umoja and the Comprehensive Planning and Performance Assessment System are not interoperable), while there is a lack of relevant and reliable reporting. Too many and overly granular indicators are selected by the missions, and are not always aligned with the missions' overarching strategies, making it impossible to draw on comprehensive, robust data to assess activities against the missions' political strategy or mission concept. Results-based budgeting outputs are numerous, disparate and

sometimes difficult to interpret. In this context, the Board considers that the achievements of the civilian component and its key success factors are not highlighted enough (A/78/5 (Vol. II), chap. II, paras. 312, 317 and 320).

76. In addition, the Board of Auditors is of the view that the role of Headquarters in the implementation of oversight and accountability processes could be strengthened and that there is a need to streamline reporting requirements and make better use of performance review tools. In this regard, the Board considers that the civilian staffing reviews offer an opportunity to enhance the alignment of human resources to the priorities of the mandates and to mission strategies (ibid., paras. 330 and 335).

77. The Board of Auditors recommends that the Administration review, through a process including both Headquarters and the missions, the quality of the existing reporting on the performance of the substantive civilian components of peacekeeping operations, in order to increase its relevance and better support strategic management and oversight (ibid., para. 341).

78. The Advisory Committee concurs with the Board of Auditors recommendation regarding the need to improve the performance reporting on the civilian components and to increase oversight. The Committee recommends that the General Assembly request the Secretary-General to assess the performance review tools with a view to increasing their interoperability and provide an update in the context of the next accountability report.

3. Finance

Credit returns to Member States

79. The Board of Auditors was informed that as at 30 June 2023, the credit returns to Member States for active missions amounted to \$274.3 million. Those credit returns to Member States were undervalued by a provisionally estimated \$17.0 million, owing to a double-consumption posting issue within the Umoja funds management module. This issue, which has existed for the nine past years, was addressed in July 2022. The Administration is in the process of recalculating and adjusting, where necessary, credit returns recorded for the financial years 2013/14 to 2021/22 (ibid., paras. 423, 431 and 434).

80. Upon enquiry, the Advisory Committee was informed by the Secretariat that treatment for the return of credits is prescribed within the financing resolution for each individual peacekeeping operation, as the Financial Regulations and Rules of the United Nations are silent on the handling of credits in the context of peacekeeping operations. The credits for Member States that have not paid in full are offset against their outstanding contributions, while the share of credit of those who have fulfilled their obligation to the respective mission is apportioned against the forthcoming assessment. When a Member State fails to pay its assessment in full, this amount remains payable, accumulates over time and is never recalculated. With regard to the return of surpluses to Member States, the General Assembly has historically approved the return of such surpluses based on the scale applicable to each mission's last assessment.

81. The Board of Auditors recommends that the Administration:

(a) Establish a standard operating procedure for the credit returns to Member States that provides an overview of the process and the related internal controls;

(b) Finalize its analysis to determine the final adjustments necessary related to credit returns (ibid., paras. 429 and 435).

82. The Advisory Committee concurs with the recommendations of the Board of Auditors on the return of credit to Member states.

Cost recovery

83. The Board of Auditors indicates that the peacekeeping cost-recovery fund showed a surplus of \$105.2 million as at 30 June 2023. According to the Board, retaining a large unencumbered balance is not an effective and efficient way of managing a fund. In accordance with the cost-recovery policy and guidelines, the overall fund balance should not exceed one year of expenses. The Board found that some entities had a significant surplus exceeding one year of expenses (*ibid.*, paras. 439, 450 and 453).

84. The Board of Auditors notes that the cost-recovery principle is based on the distinction between spendable revenue (for services provided when there is no assessed budget allotted to the service provider) and non-spendable revenue (when there is assessed budget allotted), which is a distinction that is not always correctly made. Non-spendable revenue is to be returned to Member States in line with financial regulation 3.3. The Board indicates that, in line with the recommendations in its previous report, the Administration reviewed the past five financial periods to ensure that the distinction between spendable and non-spendable revenues was correctly made by the missions. As a result, an adjustment of \$21.0 million was recorded in the 2022/23 accounts and that amount was returned to Member States. The analysis of the adjustments by mission and by type of service shows that there is a high risk of mixing spendable and non-spendable expenses for fuel service and mobile telephone services (*ibid.*, paras. 456 and 457).

85. The Board of Auditors recommends that the Administration:

(a) Review the cost-recovery accumulated surplus of UNMISS, UNSOS, MINUSMA, MINUSCA, MONUSCO and UNISFA and make the necessary adjustments;

(b) Continue its work on monitoring cost recovery in particular to ensure the correct differentiation between spendable and non-spendable income (*ibid.*, paras. 454 and 459).

86. The Advisory Committee considers that the cost-recovery accumulated surplus reflects issues related, in particular, to planning and the differentiation between spendable and non-spendable and that any amount which is not used should be returned to Member States. The Committee reiterates its trust that the Secretary-General will continue to improve the cost recovery in the mission context and provide, in all future overview reports, as well as in the context of mission budget reports, detailed information on cost recovery, including but not limited to, activities subject to cost recovery, mission-related human and financial resources utilized, and justifications based on trend analysis for the classification of non-spendable and spendable revenue and the amounts to be returned to Member States, as well as the use of the peacekeeping cost-recovery fund (see [A/77/767](#), para. 78 and [A/76/760](#), para. 78).

87. The Advisory Committee recalls that in its resolution [77/253 B](#), the General Assembly noted the findings of the Board of Auditors regarding the accumulated surplus in the peacekeeping cost-recovery fund and requested the Secretary-General to present in his next budget reports, both for regular and peacekeeping budgets, detailed information on this question.

4. Procurement of fuel

88. The Board of Auditors indicates that fuel is a substantial procurement item for peacekeeping operations, amounting to \$369 million in 2022. The fuel category management strategy was the second of 40 to be approved, in September 2019. It was

based on an in-depth analysis of the difficulties involved in transporting fuel to the remote locations of peacekeeping missions. The Board also indicates that peacekeeping missions mainly rely on turnkey contracts that transfer the responsibility for storage and outbound delivery of fuel to the contractors, a solution which relieves the Organization of important logistical burdens, risk of loss, and saves internal human resources (A/78/5 (Vol. II), chap. II, paras. 465, 468 and 469).

89. The Board of Auditors notes that the Organization's overreliance on a very limited number of suppliers has worsened. In 2019, the developers of the strategy acknowledged that six vendors accounted for 97 per cent of the expenditure, and one of them accounted for 51 per cent. Based on purchase orders issued in 2022, these ratios have increased respectively to 98 per cent and 66 per cent for the peacekeeping operations. Upon enquiry, the Advisory Committee was informed that the purchase orders for 2022 and 2023 show that one vendor present in MINUSCA, MINUSMA, MONUSCO, UNMISS and UNSOS held 63 per cent of the market (*ibid.*, para. 481).

90. In terms of fuel monitoring, the Board of Auditors indicates that the Organization has introduced rules and developed new methods to improve efficiency in the management of fuel procurement. Acceptable performance levels were included in contracts and the enhancement of the electronic fuel management system is in progress. These tools are implemented and monitored at the mission level. Since fuel management is the responsibility of the mission, there is currently no effective reporting organized from the field to Headquarters. The Board also indicates that, in order to monitor the fuel sector, nine key performance indicators have been designed to cover the main aspects to be monitored, including reliability, responsiveness, environment and asset efficiency. However, as of October 2023, only two of them are currently reported, and only one at entity level. Most of them are dependent on acceptable performance levels and electronic fuel management system data, which are not yet available (*ibid.*, paras. 490, 491 and 494). Upon enquiry, the Advisory Committee was informed that the Board is concerned that the overall situation regarding abnormal fuel consumption has not improved in recent years.

91. With regard to the due diligence on vendors, the Board of Auditors found that in two large peacekeeping missions, MINUSCA and MONUSCO, serious delivery issues occurred with regard to a supplier of aviation fuel, ground fuel and lubricants, in 2021, 2022 and the first quarter of 2023. These difficulties were essentially due to the fact that the vendor was no longer able to cover the cost of the contractual stocks of the petroleum products delivered to the United Nations owing to the weight of its financial debts (*ibid.*, para. 502).

92. With regard to MINUSCA, after two unsuccessful recovery plans by the vendor, the contract was terminated early by the United Nations in July 2022 (i.e. less than nine months after it began). A new contract was issued to the second-best response to the solicitation of July 2021, which was also the holder of the previous contract, on the terms negotiated at the time of the solicitation (*ibid.*, para. 503).

93. With respect to MONUSCO, in January 2023, the vendor announced that it was unilaterally terminating its operations with the mission within one month, a decision that was not provided for in the terms of the contract. In March 2023, the vendor announced to all its clients that it was going into liquidation. The United Nations was able to cope with this cessation of activities, as a solicitation to take over the contract was then in its final phase, given the vendor's earlier deficient performance. The Department of Operational Support accelerated the process to select a new vendor, and the new contract was signed in February 2023 (*ibid.*, para. 505).

94. When the United Nations attempted to activate the performance security clause in the MINUSCA contract in January 2023 to recover the financial losses resulting from the vendor's deficient performance, several issues were discovered in respect of

the performance security produced by the vendor for this contract, and also the one for the MONUSCO contract. As a result, the Administration was not able to mitigate the risk of and losses caused by non-performance. The vendor was suspended in June 2023 from all solicitations of the United Nations system, following a review by the Secretariat's Vendor Review Committee. The loss resulting from the vendor's deficient performance on the two fuel contracts is estimated at \$22.5 million. In addition, the Board of Auditors indicates that it is estimated that the lack of performance by the same provider caused an additional loss of \$18 million on a food rations contract for MONUSCO (ibid., paras. 508 and 512 and footnote 42).

95. Upon enquiry, the Advisory Committee was informed that, apart from the loss of \$40.5 million, the following additional costs could be foreseen:

(a) The main cash outflows due to back-up suppliers from alternative high-priced vendors in the Central African Republic are estimated at \$10 million, and the cost of the accelerated ramp-up of the new supplier in the Democratic Republic of the Congo negotiated at \$0.4 million;

(b) In addition, the excess cost of using the second-best vendor in the Central African Republic over the originally selected supplier was estimated at \$12 million by the end of the three-year contract.

96. In terms of accountability, the Advisory Committee was informed, upon enquiry, that an investigation was conducted by OIOS. The matter is under consideration by the relevant offices, including the Office of Legal Affairs.

97. The Board of Auditors recommends that the Administration:

(a) Complete its review of the fuel category strategy in a timely manner to adapt it to various challenges, including by exploring additional contract tools and operating models in order to reduce its dependence on a very limited number of suppliers;

(b) Improve reporting from the field concerning fuel needs and consumption in order to identify situations that require taking appropriate actions as and when needed;

(c) Continue to reinforce financial diligence with vendors both at the selection phase and in cases when significant and persistent issues affect the ongoing performance of the contract (ibid., paras. 485, 498 and 513).

98. **The Advisory Committee concurs with the recommendations of the Board of Auditors on fuel procurement and expresses its concern regarding the losses related to fuel and ration procurement in MINUSCA and MONUSCO. The Committee considers that due diligence should be exerted on vendors and that the monitoring and control of fuel consumption should be improved, and accountability should be pursued in due course. The Committee trusts that updated information will be provided to the General Assembly during the consideration of the present report and included in the next reports on MINUSCA and MONUSCO. The Committee will make further comments in its upcoming reports on these missions and on accountability (A/78/744/Add.9, A/78/744/Add.10 and A/78/743).**

C. Other audit observations

Shortcomings in the casualty evacuation operations of MINUSCA

99. The Board of Auditors indicates that on 3 October 2022, three MINUSCA peacekeepers died and one peacekeeper was injured as a result of mine explosion in

the Bouar area. All were evacuated by road, involving a nine-hour journey. MINUSCA explained that the accident occurred at night and, owing to the ban on night flights by the Government of the Central African Republic, the wounded peacekeepers could not be evacuated by helicopter and had to be evacuated by land. The Board notes that the standard operating procedure for casualty evacuations had not been updated since 2020, despite significant changes happening since then. According to the Board, the casualty evacuation system lacked clear methods of communication, coordination and training (*ibid.*, paras. 542–544).

100. Upon enquiry, the Advisory Committee was informed that the incident was investigated by the MINUSCA force provost marshal. Following the investigation, a Board of Inquiry was convened by the Head of Mission. The Board of Inquiry concluded that the MINUSCA standard operating procedure on patrols had been breached in several respects, including the absence of a paramedic, and that the road evacuation had been unnecessarily delayed. It confirmed that, owing to the general ban on flying at night, the application of a risk management approach that requires that medical personnel be embedded and that stipulates road evacuation as the primary evacuation means should be included in all planning for night patrols. The Committee was also informed that the Mission had streamlined its standard operating procedure for casualty evacuations, notably with respect to coordination, and would test the revised processes in a casualty evacuation stress test to be conducted in early March 2024. Moreover, OIOS had audited the air operations of MINUSCA in 2022 (report 2022/041).

101. The Advisory Committee expresses its concern regarding the incident in MINUSCA and trusts that compliance with the standard operating procedure on patrols will be updated and enforced in all peacekeeping missions, as appropriate. The Committee also trusts that accountability will be pursued in due course and that an update will be provided in the next overview report.

Deficiencies in the supervision of a construction project in MINUSCA

102. The Board of Auditors indicates that the construction project of T-walls was concluded between MINUSCA and a vendor. The Board noted that 800 of a total of 4,000 T-walls have not been produced in accordance with the specifications required by the contract. As of September 2023, the Procurement Division's review of the information received from MINUSCA was still ongoing and the case had not yet been referred for any formal or legal action ([A/78/5 \(Vol. II\)](#), chap. II, para. 545).

103. Upon enquiry, the Advisory Committee was informed that the Construction Unit within the Facilities and Engineering Management Section of MINUSCA was responsible for the supervision of the project and that a project manager had been appointed to supervise the works. The Committee was informed by the Secretariat, upon enquiry, that MINUSCA had formally requested the vendor to remove and replace the non-compliant T-walls with those with proper specifications, as required under the contract. The contractor had not replied to the request from MINUSCA and had not taken remedial action to replace the non-compliant T-walls. MINUSCA had taken steps under the contract in connection with the vendor's performance failure. The matter remains under review by the relevant offices, including by the Office of Legal Affairs.

104. The Advisory Committee trusts that accountability measures, including corrective actions, regarding the deficiencies in the construction project in MINUSCA will be taken expeditiously.

D. Write-off, fraud and presumptive fraud

105. The Secretariat reported to the Board of Auditors that assets amounting to \$9.8 million had been written off during the financial year 2022/23 (\$79.1 million in 2021/22). Of those write-offs, \$6.9 million related to property fixed assets (\$16.5 million in 2021/22), \$2.5 million related to real estate assets (\$62.3 million in 2021/22), \$0.4 million related to losses of receivables (\$0.3 million in 2020/21), and no losses of cash were reported (\$0.02 million in 2021/22) (*ibid.*, para. 557).

106. For the 2022/23 period, the Office of the Controller reported 10 cases of fraud to the Board of Auditors, involving a total amount of \$7,157, of which \$5,692 had been recovered, as well as 113 cases of presumptive fraud, involving a total amount of \$7.19 million (*ibid.*, para. 560 and table II.18). Upon enquiry, the Advisory Committee was informed that for 8 of the 10 cases of fraud that occurred during 2022/23, there was no financial loss for the Organization. For the two remaining cases that would have had financial consequences for the Organization, the amount lost was fully recovered in the first case, and a fine equivalent to one month of net base salary was imposed on the perpetrator of the second case. In addition, disciplinary measures were taken in all cases. With regard to the 113 cases of presumptive fraud, a status update will be provided in the context of the 2023/24 financial statements on 30 September 2024, in line with the established practice.

107. **The Advisory Committee reiterates its concern about the number of cases of fraud and presumptive fraud and reiterates the need for a greater emphasis on fraud awareness and prevention (see [A/77/802](#), para. 54, [A/76/735](#) and [A/76/735/Corr.1](#), para. 32 and [A/74/806](#), para. 21). The Committee trusts that efforts will be made to recover the amounts involved in fraud cases in their entirety.**

III. Implementation of the recommendations of the Board of Auditors

Recommendations for 2022/23

108. The Secretary-General indicates that the Board of Auditors made 26 recommendations for the 2022/23 period. All the recommendations remained under implementation as of February 2024, with 12 of them targeted for implementation before the end of 2024 and 14 before the end of 2025 ([A/78/773](#), para. 6).

Recommendations from prior periods

109. The Board of Auditors indicates that out of 41 recommendations made in previous reports that the General Assembly had endorsed, 13 recommendations have been fully implemented, representing 31 per cent of outstanding recommendations, compared with 46 per cent in 2021/22. A total of 27 recommendations (66 per cent) remain under implementation. One recommendation is considered as having been overtaken by events (2 per cent). Among the 20 recommendations issued in the previous report ([A/77/5 \(Vol. II\)](#)), 4 recommendations (20 per cent) have been implemented and 16 recommendations (80 per cent) are still under implementation. With regard to the ageing of the 11 pending recommendations issued prior to the previous report, 6 (55 per cent) have been pending for more than three years, 3 (27 per cent) have remained open for three years, and 2 (18 per cent) were made two years ago ([A/78/5 \(Vol. II\)](#), chap. II, paras. 345–347).

110. The Advisory Committee recalls that the General Assembly has repeatedly requested the Secretary-General to ensure the full implementation of the recommendations of the Board of Auditors in a prompt and timely manner and to provide a full explanation for the delays in the implementation of the outstanding recommendations of the Board, the root causes of the recurring issues and the measures to be taken (see resolution [77/253 B](#), paras. 6 and 13; see also [A/76/735](#) and [A/76/735/Corr.1](#), para. 39, [A/75/829](#), para. 57 and [A/74/806](#), paras. 22, 24 and 27).

IV. Other matters

111. Pursuant to financial regulation 7.8, the Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board. **The Advisory Committee notes that it received the latest letter from the Board of Auditors regarding the distribution of portfolios among the audit teams.**

V. Conclusion

112. The Advisory Committee reaffirms that the findings presented annually by the Board of Auditors in its audit reports constitute an essential pillar of the Organization's oversight framework, contribute to ensuring compliance with the Financial Regulations and Rules of the United Nations, the Staff Regulations and Rules of the United Nations and other policies of the United Nations and represent a valuable tool to improve the management, efficiency and effectiveness of the peacekeeping operations and trusts that the Board will continue focusing its efforts to ensure the transparency and accountability of administrative and financial matters in peacekeeping operations (see [A/77/802](#), para. 60, [A/76/735](#) and [A/76/735/Corr.1](#), para. 40, [A/75/829](#), para. 59 and [A/74/806](#), para. 28).
