



United Nations

**United Nations Human
Settlements Programme**

Financial report and audited financial statements

for the year ended 31 December 2019

and

Report of the Board of Auditors

General Assembly

Official Records

Seventy-fifth Session

Supplement No. 5I



United Nations Human Settlements Programme

**Financial report and audited
financial statements**

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Report of the Board of Auditors



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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 31 March 2020 from the Executive Director of the United Nations Human Settlements Programme addressed to the Chair of the United Nations Board of Auditors

In accordance with regulation 6.2 and rule 106.1 of the Financial Regulations and Rules of the United Nations, I am transmitting the financial report and accounts of the United Nations Human Settlements Programme, and other related accounts, for the year ended 31 December 2019, which I approve on the basis of the attestations of the Chief Finance Officer, United Nations Office at Nairobi, and the Director (ai), Management, Advisory and Compliance Service of the United Nations Human Settlements Programme.

Copies of these financial statements are made available to both the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors.

(Signed) Maimunah Mohd **Sharif**
Executive Director
United Nations Human Settlements Programme

**Letter dated 21 July 2020 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 on the financial statements of the United Nations Human Settlements Programme for the year ended 31 December 2019.



Kay Scheller
President of the German Federal Court of Auditors
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 Human Settlements Programme (UN-Habitat), which comprise the statement of financial position (statement I) as at 31 December 2019 and the statement of financial performance (statement II), the statement of changes in net assets (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-Habitat as at 31 December 2019 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-Habitat, 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 2019, 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of UN-Habitat 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-Habitat 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-Habitat.

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 misstatements, 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:

- 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.
- 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-Habitat.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Draw conclusions as to the appropriateness of 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-Habitat 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-Habitat to cease to continue as a going concern.
- 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

Furthermore, in our opinion, the transactions of UN-Habitat 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 UN-Habitat 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-Habitat.



Kay Scheller
President of the German Federal Court of Auditors
Chair of the Board of Auditors



Jorge Bermúdez
Comptroller General of the Republic of Chile
(Lead Auditor)



Rajiv Mehrishi
Comptroller and Auditor General of India

21 July 2020

Chapter II

Long-form report of the Board of Auditors

Summary

The United Nations Human Settlements Programme (UN-Habitat) is mandated by the General Assembly to promote socially and environmentally sustainable towns and cities. It is the focal point for all urbanization and human settlement matters within the United Nations system.

The headquarters of UN-Habitat is in Nairobi, with four main regional offices covering Africa, the Arab States, Asia and the Pacific and Latin America and the Caribbean. UN-Habitat also has liaison and information offices in New York, Brussels, Beijing, Moscow and Geneva and project offices in 70 countries across the world. It employs 302 core staff, together with fluctuating numbers of staff on specific contracts, in particular in field offices.

The total revenue of UN-Habitat for 2019 was \$172.3 million, while total expenses were \$178.4 million, resulting in a deficit of \$6.1 million.

The Board of Auditors audited the financial statements and reviewed the operations of UN-Habitat for the year ended 31 December 2019. The audit was carried out at UN-Habitat headquarters in Nairobi, Kenya, from 7 to 30 October 2019; at the Regional Office for Asia and the Pacific in Fukuoka, Japan, from 25 November to 12 December 2019; at the Myanmar country office in Yangon, from 25 November to 13 December 2019; at the Philippines country office in Manila and at the Sri Lanka country office in Colombo, both from 13 to 30 January 2020.

Since 13 April 2020, the Board conducted the audit remotely due to the coronavirus disease 2019 pandemic. This included the final audit of the financial statements.

Scope of the report

The report covers matters that, in the opinion of the Board, are essential for the achievement of UN-Habitat's mandate and have been discussed with UN-Habitat management, 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-Habitat as at 31 December 2019 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-Habitat operations under United Nations financial regulation 7.5, 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 examined ten main areas of UN-Habitat activities (voluntary contributions; implementation of projects; individual contractors; human resources; property, plant and equipment; procurement and accounts payable; travel management; office management; budget and; information and communication technologies) and 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-Habitat as at 31 December 2019 and its financial performance and cash flows for the year then ended, in accordance with IPSAS.

Overall conclusion

The Board did not identify material deficiencies in accounts and records that might affect the fair presentation of the financial statements of UN-Habitat. However, the Board noted scope for improvement in a number of areas, specifically with regard to voluntary contributions; implementation of projects: individual contractors; human resources; property, plant and equipment; procurement and accounts payable; travel management; office management and information and communications technology. Those areas need strong internal control and monitoring of activities in the country offices, regional office and at the headquarters to ensure the efficient and effective delivery of the mandate of UN-Habitat. The Board will continue to monitor the outcome of the management's initiative in addressing the noted deficiencies in subsequent audits.

Key findings

The Board has identified a number of issues that management needs to consider in order to enhance the effectiveness of UN-Habitat operations. In particular, the Board highlights the following key findings:

(a) Agreements Signed and Accrued in Different Years

Concerning voluntary contributions, it was observed that five non-exchange agreements, which totalize \$2,425,145, were signed during the year 2018, although their income recognition was accrued in 2019. In the same vein, five non-exchange agreements, that totalize \$954,788, were signed during 2019, nevertheless, their income recognition was accrued in 2020. The situation exposed is not in accordance with the meaning of accrual basis established in the IPSAS 1.

(b) Validity of Agreements of Cooperation and its Amendments

Regarding the implementation of projects through the implementing partners, it was observed that three agreements of cooperation, with its respective amendments, presented dates that expired prior to the following amendment entered into force, revealing expiration gaps of approximately four and a half months; three months and three weeks, respectively. This situation is not in accordance with the UN-Habitat implementing partners policy, which mentions that the project manager needs to monitor the validity of the agreement and ensure timely and advanced extension of the agreements of cooperation.

(c) Maximum Amount of Community Agreements

In relation to the implementation of projects through the communities involved, it was observed that the amounts of community agreements exceeded the maximum amount indicated in the document "Guidelines on the Use of UN-Habitat's Agreements and Legal Instruments".

(d) Formal Instruction for the Recruitment, Selecting, Contracting Process through a non-United-Nations entity.

In respect to the non-staff members that serve in the Afghanistan country office, it was noted that 98 per cent was contracted through a non-United-Nations entity. In this regard, it was observed the absence of a formal instruction for regulating the personnel contracted through this modality.

(e) Recruitment, Selection and Contracting Process through the non-United-Nations entity.

In regard to the recruitment, selection and contracting process through the non-United-Nations entity, several insufficiencies were observed related to terms of reference, announcements for the positions, names of individual contractors, panel members, results of applicants, certificates of good health, individual contracts and contract extensions.

(f) Overtime of Staff Members at UN-Habitat Headquarters

It was observed more than 120 cases of incorrect calculations of overtime, both as compensatory time off and as additional payment, in contravention to circular UNON/IC/2015/07.

Recommendations

With regard to the above findings, the Board recommends that UN-Habitat:

- i. Establish sufficient controls for legally enforceable agreements in order to have voluntary contributions correctly accounted during the same year that they become binding.**
- ii. Comply with the implementing partners' policy, in order to have the agreements of cooperation and its amendments properly extended, prior to the expiration date, avoiding uncovered gaps.**
- iii. Take the necessary measures to ensure that the maximum amounts for community agreements are reviewed and clearly established, in a formal instrument.**
- iv. Issue a formal document that provides guidelines for the contracted personnel by non-United-Nations entities, in order to ensure a proper recruitment, selecting and contracting process, performed by these entities.**
- v. Monitor that the non-United-Nations entity, perform proper recruitment, selection and contracting process.**
- vi. Make efforts to ensure that overtime rewards as compensatory time off and additional payment are calculated in accordance with the information circular UNON/IC/2015/07 and other applicable instructions, in compliance with the official work schedule established by the Nairobi, Kenya duty station.**

Key facts

\$25.6 million	Original annual resources (regular budget and foundation non-earmarked)
\$227.15 million	Original annual resources (technical cooperation and foundation special purpose)
\$172.3 million	Total revenue
\$178.4 million	Total expenses
302	UN-Habitat staff

A. Mandate, scope and methodology

1. The United Nations Human Settlements Programme (UN-Habitat) is mandated by the General Assembly to promote socially and environmentally sustainable towns and cities. It is the focal point for all urbanization and human settlement matters within the United Nations system.

2. The Board has audited the financial statements of the United Nations Human Settlements Programme (UN-Habitat) and has reviewed its operations for the financial period ended 31 December 2019 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. The 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 misstatement.

3. 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-Habitat as at 31 December 2019 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). That effort included an assessment as to whether the expenses 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. 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.

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

5. During the course of the audit, the Board visited UN-Habitat headquarters in Nairobi, the Regional Office for Asia and the Pacific, in Japan, and the country offices in Myanmar, Philippines and Sri Lanka.

6. Since 13 April 2020, the Board conducted the audit remotely due to the coronavirus disease 2019 pandemic. This included the final audit of the financial statements.

B. Findings and recommendations

1. Follow-up of previous years' recommendations

7. Of the 38 recommendations outstanding as at 31 December 2018, the Board noted that 1 recommendation (3 per cent) has been overtaken by events, 3 recommendations (8 per cent) have been implemented, 34 recommendations (87 per cent) are under implementation. The Board is concerned about the low implementation rate, due to only the 8 per cent of the recommendations are implemented. Details of the status of implementation of the recommendations are shown in the annex.

2. Financial overview

Revenue and Expenses

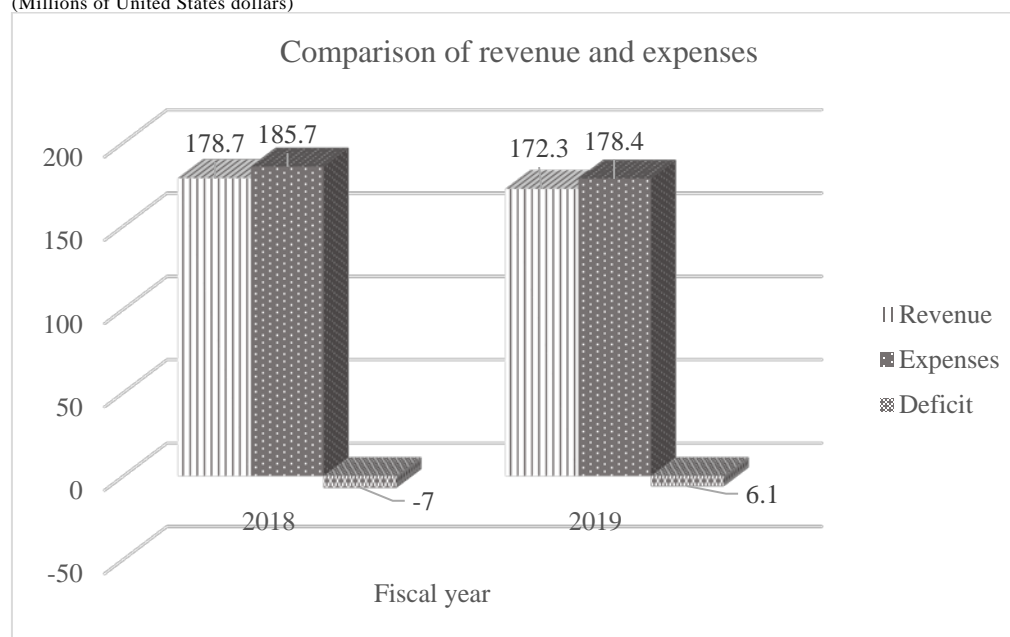
8. UN-Habitat revenue includes assessed contributions (regular budget), voluntary contributions, investment revenue, other transfers and allocations, and other revenue. During the period under review, total revenue decreased by \$6.4 million (3.6 per cent), from \$178.7 million in 2018 to \$172.3 million in 2019. The decrease was due mainly to a reduction in voluntary contributions of \$48.8 million (33.9 per cent), from \$143.7 million in 2018 to \$94.9 million in 2019, which was offset by an increase in other transfers and allocations of \$36.7 million (262.1 per cent), from \$14.0 million in 2018 to \$50.7 million in 2019.

9. With regard to the expenses, total expenses decreased by \$7.3 million (3.9 per cent), from \$185.7 million in 2018 to \$178.4 million in 2019. The decrease in expenses was attributed mainly to a decrease in other operating expenses of \$13.5 million (25.5 per cent), from \$52.9 million in 2018 to \$39.4 million in 2019.

10. As a result of the decrease in revenues, UN-Habitat recorded a total deficit of \$6.1 million in 2019. The deficit decreased by \$0.9 million (12.9 per cent) compared with the deficit recorded in 2018 (\$7 million) as a result of the decrease in expenditure. A comparison of revenue and expenses for 2019 and 2018 is represented in figure II.I.

Figure II.I
Revenues and expenses

(Millions of United States dollars)



Source: UN-Habitat financial statements for 2018 and 2019.

Ratio analysis

11. Table II.1 contains key financial ratios analysed from the financial statements, mainly from the statements of financial position and financial performance.

Table II.1
Ratio analysis

Ratio	31 December 2019	31 December 2018	31 December 2017
Current ratio^a			
Current assets: current liabilities	3.12	3.88	3.60
Total assets: total liabilities^b	3.10	3.17	3.20
Cash ratio^c			
Cash + short-term investments: current liabilities	1.68	2.01	1.71
Quick ratio^d			
Cash + short-term investments + accounts receivable: current liabilities	2.83	3.52	3.28

Source: UN-Habitat 2019 financial statements.

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

^b A high ratio is a good indicator of solvency.

^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.

12. UN-Habitat key financial indicators remain sound, as shown by the high ratios of current assets to current liabilities and total assets to total liabilities. The ratios show a slight worsening compared with the year 2018, with the exception of the one corresponding to "total assets: total liabilities", which remains almost unchanged. The worsening was attributed to a decrease in current assets such as investments and voluntary contributions receivable.

3. Voluntary Contributions

Agreements Signed and Accrued in Different Years.

13. IPSAS 1, on presentation of the financial statements, defines accrual basis as a basis of accounting under which transactions and other events should be recognized when they occur and not only when cash is received. Therefore, the transactions must be recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

14. In addition, in IPSAS 23, regarding the recognition of assets, in its numeral 30, mentions that assets are defined in IPSAS 1 as resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

15. Moreover, in the United Nations Policy Framework for IPSAS, in its point 8.4.16, indicates that voluntary contributions and other transfers, which are supported by legally enforceable agreements, should be recognized as revenue at the time when the agreement becomes binding, which is the point at which control of the asset is deemed to have been passed, unless the agreement establishes a condition that requires the recognition of a liability. In such cases, the revenue should be recognized as the liability is discharged.

16. In this regard, an analysis of the non-exchange transactions contained in the account of voluntary contributions was conducted. The Board observed that four non-exchange agreements, which totaled \$1,602,194, were signed and became binding

during 2018, however, their income recognition was accrued in 2019. In addition, it was detected that one non-exchange conditional agreement for \$822,951 was signed in 2018, however, accrued in 2019 (Table II.2).

Table II.2

Agreements signed in 2018 and accrued in 2019

<i>No</i>	<i>Agreement</i>	<i>Amount</i>	<i>Type</i>
1	Contribution Agreement for Stabilisation Support in Fragile Areas of Somalia	\$822,951	Conditional
2	Collaboration Agreement for the City Prosperity Initiative – Perception Index (at Botswana, Colombia, Mexico and Tunisia)	\$26,600	Not Conditional
3	Funding Agreement for the Nanjing 2035 Urban Development International Forum	\$157,021	Not Conditional
4	Acceptance of the Contribution Granted by the Andalusian Agency of International Cooperation for Development to UN-Habitat (at Cameroon, Guinea, Nigeria, Tanzania).	\$390,190	Not Conditional
5	First Amendment to the Agreement Between Sweden and UN-Habitat, Support programme for Ethiopia.	\$1,028,383	Not Conditional
Total amount		\$2,425,145	

17. In the same line, it was detected that five non-exchange agreements were signed and became binding during 2019, nevertheless, their revenue recognition was accrued in 2020. These five agreements totalized \$954,788 (Table II.3).

Table II.3

Agreements signed in 2019 and accrued in 2020

<i>No</i>	<i>Agreement</i>	<i>Amount</i>	<i>Type</i>
1	Contribution to support UN-Habitat implementation of the New Urban Agenda in Africa and Asia-Pacific for the Year 2019	\$101,823	Not Conditional
2	One Time Sponsorship at the UN-Habitat Assembly 2019 (at Kenya)	\$10,000	Not Conditional
3	Contribution to UN-Habitat Assembly Interfaith Dialogue “Iftar” Program (at Kenya)	\$2,965	Not Conditional
4	Contribution for the Project An Approach from Information and Communication Technologies (ICT) for Participatory Budgeting, Planning and Urban Finances for the Municipal Government of General Escobedo, Nuevo León, México	\$140,000	Not Conditional
5	Cooperation Agreement Between The Provincial Government of Manabi and UN-Habitat	\$700,000	Not Conditional
Total amount		\$954,788	

18. The Board considers that recognizing agreements in a different year than the year they become binding is not in accordance with the meaning of accrual basis established in IPSAS 1 (recognition of transactions when they occur regardless of cash flow) and the provisions on non-exchange revenue of IPSAS 23.

19. The Board recommends that UN-Habitat establish sufficient controls for legally enforceable agreements in order to have voluntary contributions correctly accounted during the same year that they become binding.

20. UN-Habitat accepted the recommendation. In this regard, management explained that UN-Habitat and the United Nations Office at Nairobi (UNON), have in place controls meant to ensure that contribution agreements are recorded in the financial year that they have become legally enforceable; however, these controls will be revisited. As part of the amended standard operating procedure of the Budget and

Financial Management Service of the UNON, a procedure would be included in this regard. The draft amended will be circulated to UN-Habitat for comments.

21. Lastly, due to the Board's observations on this matter, UN-Habitat corrected its financial statements for the year ended 2019, considering the last two agreements indicated in Table II.2 that totaled \$840,000.

4. Implementation of Projects

Implementing Partners of the Regional Office for Asia and the Pacific

22. In accordance with the UN-Habitat policy for implementing partners, numeral 7, the definition of implementing partner is a non-profit organization (such as, government ministries, local governments, public institutions, international organizations, non-governmental organizations, universities, foundations and research institutions) contracted by UN-Habitat to execute a project.

23. In the same numeral, it is mentioned that the implementing partner is responsible and accountable for managing a project in its entirety and using project resources effectively and efficiently in order to deliver the project outputs and outcomes to end beneficiaries. The implementing partner is also responsible for project monitoring and reporting back to UN-Habitat on progress status.

24. Also, the indicated policy, in its numeral 8, states that an agreement of cooperation is the legal instrument, which governs the rights and obligations of the implementing partner and UN-Habitat (the two parties to the agreement) in relation to the project. The general terms and conditions, the description of the project activity, including implementation schedule and the budget, including payment schedule (Annex C of the agreement) form an integral part of the agreement of cooperation.

25. Finally, the policy in its numeral 21 mentions that all activities and outputs agreed under an agreement of cooperation should be delivered during the validity of the agreement of cooperation. The project manager needs to monitor the validity of the agreement and ensure timely and advanced extension agreements of cooperation, when needed, and with appropriate justification. Retroactive agreements expose the organization to legal uncertainty and these should be avoided at all times.

26. In this regard, agreements of cooperation related to UN-Habitat Afghanistan, Cambodia, Lao People's Democratic Republic, Philippines and Sri Lanka country offices, of the Regional Office for Asia and the Pacific were analysed, detecting the following situations:

(a) Validity of Agreements of Cooperation and its Amendments

27. Firstly, the Regional Office for Asia and the Pacific subscribed an agreement of cooperation to collaborate in the implementation of the project "Catalytic Support for the Consolidation of Peace in Sri Lanka", for a total of \$254,000 with an ending date as for 31 August 2018. This agreement of cooperation had an amendment 1, extending its original ending date until 15 April 2019, being signed by both parties on 17 January 2019.

28. Secondly, the indicated regional office signed an agreement of cooperation to collaborate to implement the project "State of Sri Lanka Cities Project", for the total of \$30,122. This agreement of cooperation had an ending date as for 15 August 2018; nevertheless, prior to that date, a first amendment was issued and subscribed by the parties, which established a new ending date as for 31 October 2018. Moreover, on 31 January 2019, a subsequent amendment was signed by the parties, extending the ending date as for 15 February 2019.

29. Thirdly, the mentioned regional office signed an agreement of cooperation to collaborate to implement the “Kabul Street Addressing Project – Phase 1”, for the total of \$635,764 and located in Afghanistan. The indicated agreement of cooperation had an ending date as for 16 April 2019. Subsequently, an amendment was issued extending the ending date, signed by one part on 25 April 2019 and by the other part on 8 May 2019.

30. Considering the exposed, it is important to indicate that for the three agreements of cooperation previously mentioned, it was established in its latest articles that they were effective from the date of the last signature.

31. In this regard, it was observed that the three agreements of cooperation were extended after the ending date of their validity, revealing expiration gaps.

32. In specific, for the project “Catalytic Support for the Consolidation of Peace in Sri Lanka”, it was observed an expiration gap of 139 calendar days; for the project “State of Sri Lanka Cities Report and Launch”, it was detected a gap of 92 calendar days and; for project “Kabul Street Addressing Project – Phase 1”, it was observed a gap of 22 calendar days.

(b) Delays in the Payment to Implementing Partners

33. In addition to the agreements of cooperation previously exposed, the Regional Office for Asia and the Pacific signed an agreement of cooperation for collaborating on implementing the project “Enhancing the Climate and Disaster Resilience of the Most Vulnerable Rural and Emerging Urban Human Settlements”, in Lao People’s Democratic Republic, for the total of \$1,246,141.

34. Likewise, the indicated regional office signed an agreement of cooperation to implement the project “Mainstreaming Gender, M&E Actions on Climate Resilience into Development Planning at Sub-National Levels”, in Cambodia, for the total of \$963,500.

35. In accordance to the agreements for the projects in Lao People’s Democratic Republic and Cambodia, UN-Habitat should have made payments to the implementing partners within 30 days and 14 days, respectively, following the receipt of the appropriate payment request and considering the details indicated in the respective payment schedule.

36. Moreover, in both agreements of cooperation it was indicated that the first instalment shall be made upon signature of the agreement and following the receipt of the payment request as well.

37. Regarding the first instalment, it was observed that for both agreements the payment was delayed. For the projects in Lao People’s Democratic Republic and Cambodia, the first instalments were paid 42 and 29 calendar days after the signing of the agreement and the payment request, which represents a delay of 12 and 15 calendar days, respectively.

38. Furthermore, the agreement for the project located in Lao People’s Democratic Republic, it was considered the payment of a total of eight instalments. At the time of the audit visit, five instalments had been paid; however, it was detected that three of them were delayed by up to 17 calendar days.

39. In the same line, the agreement for the project located in Cambodia, contemplated the payment of a total of 13 instalments. At the time of the audit process, 12 had been paid; nevertheless, it was observed that 10 of them have presented delays of up to 26 calendar days.

(c) Delayed and Pending Completion and Instalments Dates

40. As it was mentioned previously, in the payment schedule of each agreement of cooperation and amendments it is established, among others, the completion dates and the corresponding instalment dates.

41. In this regard, it was detected that instalments were pending of completion and payment. For the project situated in Afghanistan, the completion date and the payment date of the second instalment were scheduled for June and July 2019, respectively; however, as at December 2019, this instalment was pending.

42. Likewise, for the project situated in Lao People's Democratic Republic, the completion and the payment date of the sixth instalment was scheduled for July and August 2019, respectively, nevertheless, as at December 2019, this instalment was pending.

43. In addition to the agreements previously mentioned, the Regional Office for Asia and the Pacific signed an agreement of cooperation, in order to collaborate to implement the project "Sustainable Livelihood Development for Conflict Affected Communities", at Marawi, Philippines. This agreement was for the amount of \$294,985 and has an ending date as for 31 March 2020.

44. In this regard, the same situations previously exposed were detected. The completion date and the payment date of the second instalment were scheduled for October and November 2019, respectively; however, as at the January 2020, the instalment was still pending.

45. Regarding the project located in Afghanistan, the regional office explained that the project presented various challenges as the complexity of the street network of the city that required a unique codification system; the difficulty for finding a street addressing expert; the limited number of government approved street names and the challenges for conducting a bidding process for the installation of the property plates.

46. Moreover, the regional office accounted for the project located in Lao People's Democratic Republic, that there was a delay in the presentation of the financial statements audited by an independent audit firm, which is a requirement for settling the instalment. In addition, it was explained that the occurrence of various natural disasters at the province had contributed to the overall delay of the project.

47. Lastly, concerning the project located in Philippines, the country office in charge explained that through this agreement of cooperation, it considered to organize the cooperatives; however, due to the government's transition, the registration of new cooperatives had been put on hold.

(d) Requirement for Payment of the Final Instalment.

48. Article VI of the agreement of cooperation signed between the Regional Office for Asia and the Pacific and the Ministry of Land and Parliamentary Reforms established that the final disbursement shall be made available upon satisfactory provision of the required outputs indicated in the payment schedule, a submission of financial statements of the project audited by an independent audit firm showing the use of funds so far provided and the corresponding request of payment to UN. Habitat.

49. In this regard, it was observed that on 11 June 2019, and according to the final payment request presented by Ministry of Land and Parliamentary Reforms issued on 15 April 2019, UN-Habitat disbursed the last of \$5,500 without the financial statements of the project audited by a firm of independent auditors, in accordance with the provisions indicated in the afore-cited article of the agreement.

50. Considering all the previous situations, in the Board's opinion, it is essential that UN-Habitat improves its procedures regarding implementing partners since these

are essential for the implementation of projects and, consequently to achieve the mandate and goals of UN-Habitat.

51. Also, the Board is of the view that the validity gaps of the agreements of cooperation, reflects that UN-Habitat is not ensuring the timely and correct extension of the agreements, in accordance with the implementing partners policy.

52. In addition, regarding the delays in the payments to implementing partners, the Board is of the opinion that the concerned regional office and country offices need to abide by the terms set out in each agreement, completing all internal arrangements within the deadline, including the payment of instalments, since delays in releasing funds might hinder the timely implementation of projects.

53. Moreover, the Board estimates that the pending and delayed completion and instalments dates, related mostly stages stipulated in the agreement of cooperation that were not met, reflects a weakness in the planning process during the implementation of projects.

54. Lastly, the Board considers that making last disbursements without the required audit report of the project financial statements, which is a mandatory condition for the payment, may not allow ensuring that the financial resources given to the implementing partner were properly used.

55. The Board recommends that the Sri Lanka and Afghanistan country offices together with the Regional Office for Asia and the Pacific, comply with the implementing partners' policy, extending the agreements of cooperation and its amendments, prior to their expiration date, avoiding uncovered periods in the agreement.

56. The Board recommends that the Laos? People's Democratic Republic and Cambodia country offices together with the Regional Office for Asia and the Pacific, ensure that funds are released and instalments are paid on time to implementing partners in accordance with the agreements.

57. The Board recommends that the Afghanistan, Laos People's Democratic Republic and Philippines country offices together with the Regional Office for Asia and the Pacific, monitor the achievement of deliverables deadlines are met along with timely scheduled payment of instalments, in order to improve the implementation of projects with implementing partners, as planned.

58. The Board recommends that the Sri Lanka country office and the Regional Office for Asia and the Pacific, take measures to properly approve the payments to the implementing partners in accordance with the agreement's mandatory requirements, which should be received previously or by the time of the payment requests.

59. UN-Habitat accepted the first recommendation. Management mentioned that it will establish procedures in this regard, adding that factors such as expiry of the related donor agreements and the political crisis that slow government's functions, both caused some of the delays presented. Specially for the agreements of cooperation implemented in Sri Lanka, where the political instability affected in the signature of the amendments.

60. UN-Habitat accepted the second and fourth recommendations. Management explained that during 2019 it had rolled out the module "grantor management programme", in Umoja, which will allow better monitoring and oversight of the timeliness and compliance of payments to implementing partners.

61. UN-Habitat accepted the third recommendation and explained that it operated in unstable post-conflict and post-disaster environment which often challenges the

best mitigation plans. The entity continued by stating that while UN-Habitat strived to always plan projects and programmes requirements ahead of time, delays will naturally occur.

62. In addition, UN-Habitat mentioned that it will monitor payments in accordance with terms and conditions of the agreements and the United Nations Financial Rules and Regulations and specifically the IPSAS delivery principle.

Community Agreements of the Philippines Country Office

63. “People’s Process in Post-disaster and Post-conflict Recovery and Reconstruction” document, prepared by the Regional Office for Asia and the Pacific, dated September 2008, in its chapter 2, numeral 2.2. defines that a community is a body of persons sharing common problems, living in a physically identifiable area. In a disaster or conflict situation, the affected community is the focal point in the implementation of the programme.

64. Then, in the chapter 5, numeral 5.1 it is defined that a “community contract” is a contract awarded to a community organization by a government agency, non-governmental organizations or a project to carry out physical works that have been identified in the community action plan. Moreover, it is mentioned that the amount assigned to the community organization is to be determined by the value of the contract.

65. On the other hand, the “Guidelines on the Use of UN-Habitat’s Agreements and Legal Instruments” contains the instructions for issuing community agreements (applicable to the mentioned “community contracts”). These guidelines, prepared by the Legal Office of UN-Habitat headquarters, was issued in September 2014, and published in the policies and strategies section of the Intranet of UN-Habitat.

66. In numeral 16 of the indicated guidelines, it is mentioned that community agreements are used between UN-Habitat and a community organization on the use of grants for the purpose of meeting community’s needs, done by the community organization in a specific neighbourhood.

67. Moreover, in the letters (b) and (e) of the guidelines, on the financial conditions, (numeral 16), it is indicated that no community agreements shall exceed the amount of \$70,000 and that payments are made in instalments as stipulated in the agreement, based on progress, respectively.

68. In this regard, the project “Community Development through Building of Shelters and Livelihood Support for Rebuilding Marawi”, developed by the UN-Habitat Philippines country office was analysed. For the implementation of the project, the Regional Office for Asia and the Pacific had entered into 22 community agreements focused on providing shelter and livelihood for the community, for which the following situations were detected:

69. On one hand, concerning the building of shelters that had the objective to benefit families through the fully construction of houses, the indicated regional office had signed 12 community agreements that totalized \$1,163,529.48.

70. Thereon, it was observed that for these 12 community agreements, sums around \$96,000 and \$97,000 were considered as collaboration from UN-Habitat; nevertheless, exceeding the \$70,000 indicated in the mentioned guidelines.

71. In this regard, the regional office mentioned that value increased to \$100,000 according to the standard template for these types of agreements, which was as well published in the Intranet of UN-Habitat on July 2015. In the regional office’s opinion,

since the issuing of this standard template, the value indicated in the guidelines document of September 2014 became obsolete.

72. On the other hand, concerning the livelihood support, the regional office had signed 10 community agreements, which had as an objective to provide incomes through the development of enterprises for the community. With respect to the progress of the implementation of the project, at the time of the audit visit, it was detected that 14 instalments related to community agreements, all for shelter and livelihood, were pending of payment.

73. All these payment delays were justified by the Habitat Philippines country office, explaining that for the agreements related to the building of shelters, the previous delays in the lots development caused the recent delay in the construction of the houses. In addition, for the agreements of livelihood, the country office clarified that the delays were for different reasons, as an adjustment in the reporting system of the cooperative, a change of the bank account of the cooperative, among others.

74. In that concern, the regional office indicated that it was not a management issue, since the delays were due to unexpected external factors outside the control of UN-Habitat, as the difficult environment such the post-war in Marawi. The regional office proposed that as long as the agreement is still valid, the payment shall be released when the deliverables are received, reviewed and accepted by UN-Habitat, because it is impractical to amend the agreement for each of the potential delay. The regional office suggested that a notation could be added in the payment schedule to allow variation of a certain period such as within 15 days, for instance.

75. Considering the situations exposed, the Board is of the opinion that it is important that UN-Habitat review and update its procedures regarding community agreements. Currently the guideline document on agreements and legal instruments defines a clear parameter of \$ 70,000 as maximum amount allowed for the community agreements, which for the cases previously exposed is exceeded. By comparison, the standard template document used by UN-Habitat indicates (in a foot note) that the amount allowed for the community agreements is for less than \$100,000. Hence, it is necessary that UN-Habitat formally consider unifying and updating its documents, according to the reality of its procedures, with the purpose of avoiding conflicting information.

76. Regarding the pending payments of the instalments established in the community agreements, the Board estimates that the deadlines stipulated in the agreements are established for a planning purpose; therefore, the failure to meet them reflects weakness in the planning process for the implementation of projects. In addition, the Board agrees that an alternative could be that community agreements establish in their payment schedule that a variation of a certain period is allowed for the instalments.

77. The Board recommends that the Philippines country office and the Regional Office for Asia and the Pacific together with UN-Habitat headquarters take necessary measures to ensure that the maximum amounts for community agreements are reviewed and clearly established, in a formal instrument.

78. The Board recommends that the Philippines country office together with the Regional Office for Asia and the Pacific, monitor the achievement of deliverables deadlines are met and scheduled payment of instalments are released in order to improve the implementation of projects developed through community agreements.

79. UN-Habitat accepted the first recommendation. Management indicated that it will review and formalize the financial limit for community agreements.

80. The second recommendation was accepted by UN-Habitat explaining that the entity operated in a challenging post-disaster and post-conflict environment characterized by instability and insecurity; hence, delays were common despite the best plans.

5. Individual Contractors

Formal Instruction for the Recruitment, Selecting, Contracting Process through a non-United-Nations entity.

81. The Regional Office for Asia and the Pacific explained that the contracted personnel process in the Afghanistan country office was supported by a non-United-Nations entity.

82. In this regard, it was verified that a total of 598 contracted personnel had been hired, as at October 2019, with the purpose of the implementation of the “Kabul Strengthening Municipal Nahias Programme”, in Afghanistan. Specifically, 584 personnel (98 per cent of the total) was working in the Programme, contracted through the non-United-Nations entity, while 14 workers (2 per cent of the total) had been hired through the United Nations Office for Project Services (UNOPS).

83. In this regard, the document “UN-Habitat Afghanistan human resources unit recruitment process” contains information as for the steps for hiring of personnel and the main documents required for that purpose. However, this is not an official document of UN-Habitat.

84. Taking into account the exposed, the Board noted a lack of a formal instruction for regulating the recruitment, selection and contractual process of personnel contracted through the non-United-Nations entity, containing for instance, the rules per stage for the application, analysis, selection, hiring and evaluation processes, among others.

85. It is important to mention that, the individual contractor process carried out by UNOPS is guided through the document “UN-Habitat Regional Office for Asia and the Pacific guidance notes for UNOPS recruitment and payment processes”, of 2016, while the same process conducted by the United Nations Development Programme (UNDP) is regulated by the individual contract policy, of 2018, and lastly, the consultant or individual contractor process developed by UNON, is regulated by the administrative instruction ST/AI/2013/4, of 2013.

86. The Board considers that the lack of a formal instruction for non-staff members that serve in the Afghanistan country office, could generate a loss of control over the recruitment, selection and contractual process, by not having applicable issued provisions to the contracting modality by a third party that is not part of the United Nations.

87. Given the exposed, the Board is of the view that the indicated regional office needs to consider developing formal guidelines to be applied by a third party not part of the United Nations for the recruitment, selection and contracting of personnel.

88. The Board recommends that the Afghanistan country office and the Regional Office for Asia and the Pacific issue a formal document that provides guidelines for the contracted personnel by non-United-Nations entities, in order to ensure a proper recruitment, selecting and contracting process, performed by these entities.

89. UN-Habitat accepted this recommendation indicating that it will update and formalize the procedure already in practice.

Recruitment and Contract Process the non-United-Nations entity.

90. The previously-indicated not official document “UN-Habitat Afghanistan human resources unit recruitment process”, related to the contracted personnel for the Afghanistan country office, contains some stages of the process that should be performed.

91. In that sense, the first stage before any hiring in the country office or activity sites, among others, terms of reference should be submitted to the human resources unit, in order to define what is expected from the person who will occupy the vacant position.

92. In regard to the announcement stage, the indicated document states that all employment opportunities shall be posted for a minimum of 14 working days on the website of UN-Habitat, the human resources service provider’s website or the websites of other employment agencies.

93. Additionally, in the cited document it is added that all curriculum vitae and applications included in the long-listing should be evaluated through written exams and interviews processes by a panel nominated by the hiring unit, composed of a minimum of three and a maximum of five members. Applicants scoring above 50 per cent would be invited for a following interview.

94. Lastly, mentioned document states that, when new individual contractors sign the contracts, they consequently acknowledge and accept the terms, conditions and policies of the organization.

95. As for the review of 29 personnel contracted by the non-United-Nations entity, hired for providing services during the year 2019 for the project implementation of the “Kabul Strengthening Municipal Nahias Programme” at Afghanistan, the Board detected the following situations related to (a) terms of reference, (b) announcements for the positions, (c) names of individual contractors, (d) panel members, (e) results of applicants, (f) certificates of good health, (g) individual contracts and contract extensions:

(a) Terms of reference

96. In this regard, it was noted that the terms of reference contained the detail of the work to be performed; however, they did not include accurate information of what was expected from the person, as expected results, hiring duration, delivery dates, indicators, name of supervisor, among others.

(b) Announcements for the positions

97. In addition, it was observed that in 18 of the revised cases, the vacant positions announcements were available for receiving applications by the applicants for less than 14 working days.

(c) Names of personnel contracted

98. Moreover, it was noted that the names of 16 individuals, according to country office’s registers, were not consistent between curriculum vitae, contracts and evaluations. Even more, there are documents that indicate only one of the names of the person and not the complete name and surname.

(d) Panel members

99. Besides, it was detected that in nine cases, the panel members who signed the evaluation reports were not the same as the designated panel members for this propose. Moreover, the evaluation report of one applicant was only signed by two evaluators instead of the minimum of three.

(e) Results of applicants

100. In addition, there were seven cases in which the applicants scored less than 50 per cent according to the evaluation reports signed by the panel members; nevertheless, they were hired for the positions. In addition, it should be noted that two of them were not recommended for the positions by the panel members.

101. Moreover, 18 cases were observed in which the evaluation reports contained applicants who had obtained 50 per cent or less as a result from their evaluation processes, nonetheless, these applicants had been recommended for the position by the panel members.

(f) Certificates of good health

102. The certificates of good health of eight applicants did not have issue date, therefore, it was not possible to assure that they were submitted before the individual contractors signed their job offers.

(g) Individual contracts and extensions

103. Regarding the contracts between the personnel contracted and the non-United-Nations entity, it was noted that seven agreements were signed by the personnel contracted between 21 and 47 calendar days after they had begun their jobs.

104. Moreover, a total of 29 amendments and extensions related to 14 personnel contracted were signed after the individual had begun their services. Likewise, 49 amendments or extensions did not have the dates of the signatures by the individual, hence it was not possible to warrant that they were opportunely signed.

105. On the other hand, in the case of one personnel contracted for the position of operation assistant (Finance), there was an amendment for the period from 1 July 2019 to 31 July 2019; however, there was a consecutive amendment from 1 September 2019 to 30 November 2019, revealing all August as a gap not covered by a contract extension.

106. In addition, the contract for the services of project engineer, for the period from 10 to 30 June 2019, was signed by non-United-Nations entity on 10 June 2019; however, it did not have the date of the signature by the personnel contracted. Consecutively, a second contract related to the same individual was presented for the same position, for the period from 1 to 30 June 2019, and signed by the parties on 1 June 2019. Both periods are coincident; hence, it seems that, for this individual there is a duplicity in its contracts.

107. That said, taking into account that for the Afghanistan country office, projects are carried out mostly by personnel contracted through a non-United-Nations entity, the Board is of the opinion that the process of recruitment, selection and contracting should be formally established and known by UN-Habitat. Also, this process should address the insufficiencies detected in the exposed areas.

108. The Board recommends that the Afghanistan country office and the Regional Office for Asia and the Pacific monitor that the non-United-Nations entity, perform proper recruitment, selection and contracting process.

109. UN-Habitat accepted the recommendation. Management indicated that it will take the opportunity to review and strengthen the selection of individuals recruited under this modality with standardized procedures. Moreover, UN-Habitat explained that for the emergency work announcement requires shorter period; the restrictions in the availability of personnel resulted in changes in the panel members and; that occasionally names under national identifications documents may differ.

Recruitment and Contract Process by United Nations Development Programme UNDP

110. The memorandum of understanding between UNDP and UN-Habitat, signed in 2008, at corporate level, considers the provision of administrative services and reimbursable support service arrangements, as the recruitment of national staff and non-staff personnel. In that sense, some of the hiring of individual contractors for the Philippines country office are supported by UNDP.

111. On the other hand, the individual contract policy issued by UNDP, on September 2018, contains the general principles and purpose of individual contractors. In its numeral 1, establishes that the individual contract modality is used for the procurement of services of an individual to perform time-bound and non-staff tasks aimed at delivering clear and quantifiable outputs which shall be clearly identified in the contract and directly linked to payment.

112. Moreover, numeral 24 of the individual contract policy by UNDP, states that the duration of the individual contractor's engagement with UNDP should be directly related to the required outputs and deliverables as per the terms of reference, which is normally attached to the contract as an annex.

113. In this regard, the individual contractors process conducted by UNDP was reviewed through a sample of three contracts. As a result, the Board noted that these individual contractors provided services during part of the year 2019, for the project "Building Climate Resiliency through Urban Planning and Design". Also, the Board observed that the achievement of the deliverables established in their contracts had been postponed and was not formally modified.

114. Specifically, for the legal expert position, the contract establishes three payments, which shall be made following certification that the services had been satisfactorily performed, and the deliverables had been achieved by or before the due dates. In this regard, it was noted that the first deliverable was received and approved by the Philippines country office, nevertheless, the second and third deliverables should have been submitted by the individual contractor, on 21 October 2019 and 20 November 2019, however, their submission was postponed to January and February 2020, respectively.

115. Moreover, the contract for the city design expert position contemplated two payments which, shall be made following certification and the deliverables detailed in the contract, as well. It was noted that first deliverable should have been submitted on 29 November 2019; nevertheless, it had not been completed by the individual contractor, pointing out that a draft has been provided to the project team for comments, but there have not been official submissions yet.

116. Lastly, the contract for the climate finance expert position stated seven payments which, shall be made following certification and the deliverables detailed in the contract, as well. It was noted that the first and second deliverable were received and approved by the Philippines country office: however, from third to seventh deliverables that should have been submitted on 30 August 2019, 30 September 2019, 30 September 2019, 30 October 2019 and 31 January 2020; their submission had been postponed as early as February to May 2020.

117. Management explained that for the three cases, the timelines were adjusted based on the needs and actual situation on ground, clarifying that no payments have ever been made to individual contractors unless they provide the deliverable as the contracts stipulated. Management added that they make adjustments, based on strong

justification but never compromise in quantity and quality of outputs of the individual contractor.

118. The Board is of the opinion that the delays in regard with the presentation of the agreed deliverables by the individual contractors could hinder the implementation of the project and the achievement of goals of UN-Habitat.

119. The Board recommends that the Philippines country office and the Regional Office for Asia and the Pacific, in cooperation with UNDP, assure a timely compliance for the services provided by the individual contractors regarding the agreed and scheduled deliverables established in the contracts.

120. UN-Habitat accepted the audit recommendations.

6. Human Resources

Overtime of Staff Members of UN-Habitat Headquarters

121. The Secretary-General's bulletin ST/SGB/2018/1, Staff Regulations and Rules of the United Nations, in its rule 1.4, letter (a), establishes the hours of work and official holidays, indicating that the Secretary-General shall set the normal number of working hours per week for each duty station. Exceptions may be made by the Secretary-General as the needs of service may require. A staff member may be required to work beyond the normal number of working hours whenever requested to do so.

122. Moreover, the above bulletin, in its rule 3.11, letter (a), mentions that a staff member in the General Service, Security Service or Trades and Crafts category, or in the Field Service category up to and including level FS-5, who is required to work in excess of the working week established for this purpose shall be given compensatory time off or may receive additional payment, under conditions established by the Secretary-General.

123. On the other hand, through the information circular UNON/IC/2015/07, UNON provides details, among others, on the official hours of work, the conditions governing overtime, compensatory time off, for the Nairobi, Kenya duty station, which includes UN-Habitat headquarters.

124. In accordance with the mentioned UNON information circular, it is indicated in its numeral 1 that official work hours from Monday to Thursday are from 8 a.m. to 4.30 p.m. or from 8.30 a.m. to 5 p.m., with an interruption of 45 minutes for lunch, while Friday work hours are from 8 a.m. to 2 p.m. or from 8.30 a.m. to 2.30 p.m., excluding a lunch break.

125. In this regard, the indicated information circular specifies in its numeral 4 (i) that time worked in excess of the scheduled work day or in excess of the scheduled work week or time worked on official holidays means overtime, which must be authorized by the competent authority.

126. Then, in numeral 4 (ii) of the information circular it is mentioned that the scheduled work day means the duration of the working hours in effect at the time on any day of the scheduled work week, less the authorized lunch break.

127. Moreover, the information circular, in its numeral 4 (iv), states that compensation should take the form of an equal amount of compensatory time off for overtime in excess of the scheduled work day up to a total of eight hours of work on the same day.

128. Subsequently, in the same numeral 4, (vi) and (vii), it is established that compensation should take the form of an additional payment for overtime in excess of a total of eight hours of work of any day of the scheduled work week, or when it

takes place on the sixth or seventh day of the scheduled work week, or when it takes place on an official holiday.

129. This additional payment should be made at the rate of one-and-one-half (1.5) times the aggregate of the staff member's base salary or wage and language allowance, if any, except that if the overtime takes place on a Sunday or on the seventh day of the scheduled work week, the rate of the additional payment shall be twice the aggregate, as it is indicated in numeral 4 (vii), letter (a).

130. Lastly, in numeral 4 (x) of the information circular, it is stated that supervisors should not require a staff member to work more than 40 hours of overtime during any one month, in the interests of the health of the staff and the efficiency of the service, except where unusual exigencies of the service so require. In such situations, the exceptional approval by the authorized official is necessary prior to the commencement of overtime scheduled for Sundays and official holidays.

131. In this regard, it was conducted an analysis of the overtime of 30 staff members of UN-Habitat with duty station in Kenya, from 1 January to 31 August 2019, excluding public holidays.

132. For calculations of overtime the analysis considered, for Monday to Thursday, that the official work hours are from 8 a.m. to 4.30 p.m. or from 8.30 a.m. to 5 p.m., with an interruption of 45 minutes for lunch. Hence, the scheduled work day for Monday to Thursday corresponds to 7 hours and 45 minutes. On the other hand, for Friday, the official work hours are from 8 a.m. to 2 p.m. or from 8:30 a.m. to 2:30 p.m., then the scheduled work day on Fridays is 6 hours.

133. From the analysis conducted, the Board detected the situations exposed below, related to: (a) overtime as compensatory time off; (b) overtime as an additional payment; (c) rate for overtime as additional payment; (d) lunch break on Fridays and; (e) overtime of more than 40 hours.

(a) Overtime as compensatory time off

134. Compensatory time off corresponds to the overtime in excess of the scheduled work day up to a total of eight hours on the same day.

135. Then, from Mondays to Thursdays, the maximum compensatory time off allowed should be 15 minutes. However, 20 cases with compensatory time off of more than 1 hour were detected, even more than 6 hours per day. In the same line, the maximum compensatory time off allowed for Fridays should be 2 hours. Nevertheless, it was observed 19 cases with compensatory time off of more than 2 hours were detected.

(b) Overtime as an additional payment

136. As stated above, there should be an additional payment for overtime in excess of a total of eight hours of work of any day of the scheduled work week, or on the sixth or seventh day of the scheduled work week. Hence, the scheduled work day plus the overtime as compensatory time off reaches the eight hours, then the overtime in excess of these eight hours is understood as the overtime as additional payment for worked hours.

137. In this regard, several cases that on Fridays were considered overtime as additional payment were detected; however, the prior worked hours during the day were less than eight hours, hence, this overtime as an additional payment do not correspond to hours worked in excess.

138. In specific, 4 cases that considered prior overtime as compensatory time off were detected; however, they were not enough to complete the 8 hours worked in the

day. In addition, 79 cases of overtime as additional payment that did not consider prior overtime as compensatory time off were detected.

(c) Rate for overtime as additional payment

139. As noted above, the overtime as an additional payment should be made at the rate of 1.5 times the aggregate, excepting if it is on a Sunday or on the seventh day of the week, because in these cases the rate is twice the aggregate.

140. In this regard, there were five cases that staff members did not work on Sunday or on the seventh day of the scheduled work week; however, they received payments at double rate, instead of 1.5 rate. Conversely, one case was noted in which personnel received an additional payment at the rate of 1.5 the aggregate, nevertheless the day worked was Sunday hence the payment should have been at twice the rate.

(d) Lunch break on Fridays

141. On Fridays, the end of the scheduled working day can be at 2 or 2:30 p.m., depending on the start hour.

142. That said, it was detected that in 18 occasions the overtime started at 2 or 2:30 p.m. and extended until afternoon even until night. In these cases, overtime was counted as if there was no lunch break for the respective staff member. Additionally, in four cases, there were some gaps that could be considered as a break for lunch; however, these did not occur according to the established standard time for lunch.

(e) Overtime of more than 40 hours

143. It was verified that for the 30 staff members analysed, they worked more than 40 hours of overtime in a month at least once. Even more, in some cases they reached more than the double or triple of the allowed overtime. Moreover, it was observed that two officials worked even more than 40 hours of overtime during consecutive months.

144. Regarding these cases of overtime of more than 40 hours, it was not possible to verify that they were justified with the unusual exigencies of the service so required or the exceptional approvals by the authorized official necessary.

145. Considering all the situations exposed, the Board is of the opinion that the above weaknesses are attributed to a lack of timely monitoring by managers and to an inadequate review and calculation of overtime as compensatory time off and as additional payment.

146. The Board estimates that the incorrect calculations of overtime hours as compensatory time off and as additional payments, result in inconsistencies of UN-Habitat management, since payments and time off are authorized without complying with the information circular UNON/IC/2015/07.

147. On one hand, UN-Habitat incorrectly considered as compensatory time off the overtime that exceeded the total of 8 hours of work during the day, which should have taken the form of an additional payment instead. On the other hand, UN-Habitat overpaid in two occasions: when it paid overtime hours that should have taken previously the form of compensatory time off and, when it paid twice the aggregate.

148. Moreover, the information circular UNON/IC/2015/07 expressly indicates official work hours for Fridays, excluding lunch break. Thereupon, the Board considers that there is no clarity about the interruption for lunch on Fridays when the scheduled work day goes beyond six hours and overtime is performed. For the cases that overtime is extended for several hours, the Board estimates that it is necessary to establish a timetable for lunch, in the interests of the health of the personnel and to avoid that potential lunch breaks be counted as overtime.

149. In addition, the Board ponders that a repeated performance of more than 40 hours as overtime could result contrary to the interests of the health of the staff and the efficiency of the service, more so, if exceptional approvals do not justify it.

150. The Board recommends that UN-Habitat ensure that overtime rewards as compensatory time off and additional payment are calculated in accordance with the information circular UNON/IC/2015/07 and other applicable instructions, in compliance with the official work schedule established by the Nairobi, Kenya duty station.

151. The Board recommends that UN-Habitat review and correct the cases of miscalculations of compensatory time off; overtime payments on incorrect schedules; and payments that exceed the established rates.

152. The Board recommends that UN-Habitat regulate the lunch break time on Fridays under the overtime hypothesis, indicating its duration, opportunity and counting the overtime rewards from this interruption thereafter.

153. The Board recommends that UN-Habitat review the quantity of overtime per month, with special emphasis on those that exceed the allowed limit of 40 hours, requiring the exceptional approval every time this ceiling is exceeded.

154. UN-Habitat accepted the audit recommendations. Management will undertake a review of the reported overtime cases and the overtime practices, in coordination with UNON, and take appropriate corrective measures. In this regard, UN-Habitat clarified that the most overtime cases were related to the First UN-Habitat Assembly, which took place in May 2019.

Annual Leaves of Staff Members of the Regional Office for Asia and the Pacific

155. The Secretary-General's bulletin ST/SGB/2018/1, in its rule 5.1, letter (e) (i), states that annual leave may be taken in units of days and half-days. Consequently, in letter (e) (ii) of the indicated rule 5.1, it is indicated that leave may be taken only when authorized. If a staff member is absent from work without authorization, payment of salary and allowances shall cease for the period of unauthorized absence. However, if, in the opinion of the Secretary-General, the absence was caused by reasons beyond the staff member's control and the staff member has accrued annual leave, the absence will be charged to that leave.

156. In this regard, the Board reviewed the 139 annual leaves requests registered in Umoja, until October 2019, related to the 35 staff members of UN-Habitat Regional Office for Asia and the Pacific and its country offices, detecting the following situations.

157. In first place, it was observed that in 49 cases, staff members took their annual leave without previously requesting them, hence not having prior approval of their supervisors through Umoja. These annual leaves were submitted after the start date of the respective annual leave, between 3 and 42 working days.

158. Secondly, it was detected that in 32 cases, the staff's annual leaves were approved in Umoja by the supervisors after the date that they began their annual leaves. It should be pointed out that in two cases the approvals were made after 153 and 264 working days from the start date of the annual leave.

159. Moreover, in third place, it was detected that in five cases, the requests for annual leaves were sent through Umoja by the officials, in some cases before and in other cases after the start date of the leave, however, at the time of the audit process, these had not been approved.

160. Regarding the exposed situations, it is important to mention that the regional office provided information that allowed verifying that some annual leaves were initially requested and approved through emails or physical forms, however, this mechanism is out of Umoja.

161. The regional office reiterated that it had demonstrated the compliance of the indicated rule 5.1 (e) (ii), through manual requests and approvals forms signed by the requesters and the approvers, except in exigency cases such as family emergencies or health reasons. In addition, the regional office mentions that the cited rule does not specify the approval form, hence, maintains that the manual forms or emails are not against the Staff Regulations and Rules.

162. That said, the Board is of the view that annual leaves requests and approvals must be discussed directly between parties involved as well as performed opportunistically through Umoja as the management system available.

163. In addition, the Board estimates that the annual leave approval process through Umoja should be used as a management control mechanism rather than a mere formality. The Board considers that maintaining an adequate control of the staff's annual leaves may contribute to improvement in human resources management.

164. The Board recommends that the Regional Office for Asia and the Pacific, make the efforts to conduct the annual leave requests and approvals, opportunistically through Umoja, with the purpose of annual leave being approved before being used.

165. The Board recommends that the Regional Office for Asia and the Pacific, improve the monitoring process in Umoja, performing periodic and timely reviews of the annual leaves of staff members, in order to avoid that annual leave being requested and approved after being used.

166. UN-Habitat accepted the recommendations. The Regional Office for Asia and the Pacific will make a serious effort to ensure that staff records leave in Umoja prior to going on their annual leave and that a memorandum will be circulated to this effect.

7. Staff Members Functions and Roles

Delegation of Authority

167. The Secretary-General's bulletin on delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules, ST/SGB/2019/2, establishes the framework for the reissuance of new delegations of authority directly to heads of entity to implement specified aspects of the indicated regulations and rules.

168. In this regard, head of entity means, among others, the head of a department or an office, including an office away from headquarters.

169. Section 1.2 of the indicated bulletin, states that all delegations of authority, including any limitations, will be issued and managed through an online portal.

170. In addition, section 2.5 of the indicated bulletin establishes that the delegations of authorities shall be made formally through the online portal and shall be clearly stated and accepted by both the delegator and the delegate, including that such delegation may be suspended, amended or revoked, as provided in section 4.4 of the same bulletin.

171. On one hand, the delegation of authority online portal, is accessed through the Unite Self Service. On the other hand, staff members of UN-Habitat receive the respective roles through the Umoja user access provisioning in concordance with delegations of authority.

172. In this regard, all the Umoja roles were reviewed. It was observed that three staff members had Umoja roles assigned which require a delegation of authority, although the corresponding status in the online portal appeared for one case as revoked and for the two remaining cases as expired.

173. Moreover, it was detected that 14 staff members, on the online portal had delegations of authority with accepted status, however, these staff members did not have Umoja roles provided in this regard.

174. The Board considers that the online portal is the platform in which delegations of authority are formally provided; hence, these actions should be opportunely reflected with the Umoja roles currently assigned. Whether delegations have been accepted, suspended, amended, revoked or expired on the online portal, thereon should be coincident with the Umoja roles.

175. The Board recommends that UN-Habitat determine the delegations of authority of staff members through the delegation of authority online portal, as the bulletin ST ST/SGB/2019/2 establishes, resolving the discordance detected with the Umoja roles assigned.

176. UN-Habitat accepted the recommendation. UN-Habitat will review all active delegations to ensure their proper roles are issued in Umoja and all inactive delegations to ensure that roles are revoked or expired as applicable.

Segregation of Duties

177. The access control for the United Nations Secretariat Systems Information and Communication Technologies Technical Procedure, establishes that the information owners shall review the access privileges of user accounts every 12 months to determine if access rights are still commensurate to the user's job duties. User accounts with privileged access rights shall be reviewed every 6 months.

178. On the other hand, the Security Liaison Officer's workbook, describes areas, pillars and functions of the functional roles of the system, regarding the access rights commensurate to the user's job duties.

179. With the purpose of guaranteeing the segregation of duties, the Security Liaison Officer workbook together with the Umoja roles guide establish that some specific roles should not be assigned to other specific roles, to avoid conflicting roles.

180. In this regard, on the basis of the massive data extraction from Umoja business intelligence, the assigned roles were compared considering the guidelines contained in the Security Liaison Officer workbook and the Umoja roles guide, detecting that eight users maintained roles with conflict.

181. The Board considers that roles should be assigned to users, coherently with the Security Liaison Officer workbook and the Umoja roles guide, with the purpose of maintaining an appropriate segregation of duties that finally will avoid risk situations.

182. In addition, the Board is of the view that whether reviews are conducted every 6 and 12 months, as the information and communication technologies technical procedures mentions, situations as the exposed could be avoided.

183. The Board recommends that UN-Habitat adjust the roles with conflict consistently with the Security Liaison Officer's workbook and the Umoja roles guide, to comply with a correct segregation of duties.

184. The Board recommends that UN-Habitat perform the periodical reviews of Umoja roles established in the access control for the United Nations Secretariat Systems Information and Communication Technologies Technical Procedure, as applicable.

185. UN-Habitat accepted these recommendations. UN-Habitat will undertake a comprehensive and regular reviews of Umoja user roles in order to prevent conflicting roles and enhance segregation of duties.

8. Property, Plant and Equipment

Inconsistencies in the Property Management

186. The administrative instruction ST/AI/2015/4 on property management, in its section 4, numeral 4.2, mentions that property of the United Nations, whether tangible or intangible, may be classified as capitalized property when is property that meets the requirements for recognition as a financial asset in accordance with the applicable United Nations accounting standards and, as non-capitalized property when is property that does not meet the requirements for recognition as a financial asset in accordance with the applicable United Nations accounting standards.

187. The mentioned administrative instruction, in the same section, numeral 4.4 also states that all non-capitalized property and expendable property of the United Nations shall be subject to the recording and tracking procedures.

188. On the other hand, the SC119 Umoja Property Management Overview guide, which purpose is among others to explain the property management module in the Umoja system, details the information to be maintained in the equipment master data: description of the equipment; asset number and manufacturer data, as model, serial number, year of construction and acquisition value; classification data for mapping classes and characteristics; plant, location, person responsible and maintenance group responsible; cost centre for settlement of maintenance-related costs; measuring points and counters; special permits required for any maintenance activity and technical identification number.

189. Additionally, the indicated Umoja guide points out that, when the equipment is brought into operation, it can be assigned to a staff member who assumes the responsibilities for the equipment and/or it can be assigned to a functional location, where it can be used by multiple people and maintained by a planner group or work centre. The assignment equipment process, provides equipment and material accountability, visibility and life cycle history.

190. In this regard, the report "IE05 equipment list", extracted from Umoja, contains detailed information of the non-capitalized property and the capitalized property maintained by UN-Habitat, from 1995 until 15 October 2019. Thereupon, from this report there were detected situations related to the equipment exposed below.

191. On one hand, from a total of 1,620 pieces of equipment, in 1,391 non-capitalized properties and 10 capitalized properties the information did not consider the location neither an assigned responsible user; 203 non-capitalized properties and one capitalized property were related to users from others offices of the United Nations and; 13 non-capitalized properties and 2 capitalized properties registered as assigned responsible, with users who were no longer staff members of UN-Habitat.

192. From that total pieces of equipment, 511 non-capitalized properties and 4 capitalized properties were registered during 2019 without the mentioned information.

193. The Board considers that the master data managed by UN-Habitat should be constantly reviewed and updated, in accordance with the indicated Umoja guide, in order to maintain real information regarding the equipment owned by UN-Habitat.

194. Moreover, the Board estimates that the absence of information related to the location and/or assigned responsible of equipment managed by UN-Habitat could be affected by inconsistencies, risking the loss of the items.

195. **The Board recommends that UN-Habitat update the information of the equipment Umoja report in accordance with the Umoja guide, assigning for each item the location and/or user responsible.**

196. **The Board recommends that the assigned staff member responsible for the operational equipment are staff members of UN-Habitat.**

197. UN-Habitat accepted these recommendations. Management explained that original asset data converted from the legacy system to Umoja were not sufficiently enriched, which will enhance in the Umoja asset register.

Untimely Registers of Property, Plant and Equipment Items

198. The United Nations Corporate Guidance for IPSAS on delivery principle, of June 2014, incorporates as part of accrual-based accounting, the delivery principle criteria. Thus, in its point 4.1 it is stated that the timing of recognition of assets would occur when the goods and/or services were received by (i.e. "delivered" to) the United Nations, and not on receipt of an invoice or payment in cash. In that sense, the determination of the receiving date is, therefore, a crucial decision point.

199. Concerning the depreciation, paragraph 71 of the IPSAS 17, states that the depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

200. In addition, paragraph 82 of the IPSAS 17, mentions that the carrying amount of an item of property, plant and equipment shall be derecognized: (a) on disposal; or (b) when no future economic benefits or service potential is expected from its use or disposal.

201. Lastly, the United Nations IPSAS policy framework, of December 2016, states in its point 13.2.28, that an item of property, plant and equipment should be removed from the financial statements (derecognized) once its disposal is approved. Operationally, prior to the approved disposal event taking place and while the asset has already been identified as an item with no future economic benefit or service potential expected from its use, the asset needs to be impaired.

202. In this regard, the property, plant and equipment report issued by UN-Habitat was reviewed, determining a sample of nine acquisitions and three disposals related to the year 2019, which was associated with vehicles purchases and vehicles donations, respectively.

203. The Board observed that property, plant and equipment items acquired by UN-Habitat were not always timely registered, that is, when the goods were received by the entity. In fact, 6 cases were observed where the delivery notes recorded in Umoja and signed by UN-Habitat staff, indicated that the vehicles had been well received between 22 and 212 calendar days before the asset capitalization date.

204. Moreover, it was detected that the depreciation of the new assets started to account since the first day of the month that they were registered and not when they were available for use.

205. On the other hand, the Board observed that property, plant and equipment items retired by UN-Habitat were not always timely registered, that is when its disposals were approved. In this regard, two out of the three disposals reviewed, had a delay of more than five years, between the date of disposals approval and the retirement date on Umoja. UN-Habitat explained that this situation was because of complications from the particular government regulation over the transfer for receiving the items.

206. The Board is of the opinion that the situations mentioned expose a weakness in the controls applied to property, plant and equipment, especially related to the timely registration of the capitalization and disposal of the fixed asset and the appropriate determination of the beginning of the depreciation period; which would comply neither with the provisions of the delivery principle included in United Nations Corporate Guidance for IPSAS nor with the IPSAS 17 nor with the United Nations IPSAS policy framework described above.

207. The Board recommends that UN-Habitat headquarters take measures to monitor the proper register of capitalization and disposal of property, plant and equipment items, in the time when the assets are received by the entity and according to the information indicated in the corresponding delivery note or when the disposal is approved.

208. The Board recommends that UN-Habitat consider the depreciation of its assets when they are available of use, as it is established by the delivery principle of the United Nations Corporate Guidance for IPSAS and paragraph 71 of IPSAS 17.

209. UN-Habitat accepted the recommendations. UN-Habitat indicated that procured property items through UNDP for its field offices, adding that there was usually a time lag between the actual receipt of the items and the registration of property items that occurred once the financial information and documentation reached by UN-Habitat. Lastly, UN-Habitat mentioned that it will ensure a time lag reasonable.

Standard Cost Rate

210. Paragraph 14 of the IPSAS 17 established that a property, plant and equipment item recognized as an asset shall be measured by its cost, considering the following elements: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and; (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

211. On the other hand, the United Nations Corporate Guidance for IPSAS documents, the first related to property, plant and equipment (excluding infrastructure assets) and the second related to infrastructure assets, both issued in December 2016, state that determining the cost of an asset, associated costs such as freight, import duties, insurance and other are determined on the basis of a standard cost applicable to peacekeeping and non-peacekeeping operations: (i) for peacekeeping operations, 20 per cent will be used for the standard cost methodology; (ii) for non-peacekeeping operations, 4 per cent will be used for the standard cost methodology.

212. As it is mentioned in the corporate guidance documents, both of these rates are subject to review and change each year. However, actual associated costs need to be captured in order to support the applied standard cost percentage which is reviewed on a yearly basis.

213. In this regard, the Board detected that UN-Habitat considered the associated costs of an asset-based on a standard cost methodology applicable to non-peacekeeping operations, instead of actual costs. This situation does not harmonize with the elements to measure the cost of an asset established in paragraph 14 of IPSAS 17.

214. In this concern, the Board understands that this practice obeys to a United Nations Headquarters guidance, however, the Board still estimates that the Headquarters instructions and the practices conducted in this case by UN-Habitat, should be consistent with IPSAS 17 on this matter.

215. The Board recommends that UN-Habitat coordinate with the United Nations Headquarters administration the possibility of phasing out the standard cost methodology, aligning its accounting with IPSAS requirements of valuing property, plant and equipment assets.

216. UN-Habitat accepted this recommendation and indicated that it will consult with the United Nations Headquarters on how best to implement it in accordance with IPSAS.

Fully Depreciated Assets

217. Paragraph 66 of the IPSAS 17, related to property, plant and equipment establishes that the depreciable amount of an asset shall be allocated on a systematic basis over its useful life. Subsequently, paragraph 67 adds that the residual value and the useful life shall be reviewed at least at each annual reporting date.

218. Likewise, paragraph 71 of the IPSAS 17 states that depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Moreover, it is indicated that depreciation of an asset ceases when the asset is derecognized.

219. On the other hand, the previous indicated United Nations Corporate Guidance for IPSAS, the first related to property, plant and equipment (excluding infrastructure assets) and the second related to infrastructure assets, mention in its points 6.2.1 and subsequent, that the depreciation of an asset ceases when the asset is fully depreciated or derecognized and that the useful life of an asset should be reviewed at least at each annual reporting date and modified if deemed necessary.

220. Moreover, the United Nations Corporate Guidance for IPSAS, on infrastructure assets, in its point 6.2.1.1, states that “a depreciation floor of 10 per cent of an asset’s original cost was set to account for residual value of those assets that are fully depreciated but are still in use or still possess economic value to the organization. Therefore, under this concept, regardless of the chronological age of the asset, accumulated depreciation will be limited to 90 per cent, leaving a minimum of 10 per cent of its original cost in the books so long as the asset is still in use. This policy would only be applied in instances where the value of depreciated assets still in use is found to be material. Further, the policy would be in place for such assets until a reassessment of this policy, for example following reassessment of useful lives, is completed”.

221. The Board observed that in every period, the value of the fully depreciated assets is modified into the financial statements through a standard adjustment to accumulated depreciation with the purpose of reflecting a residual value of 10 per cent of historical cost.

222. In that regard, at the end of each year (31 December), UN-Habitat writes-back the 10 per cent of depreciation, thereby reducing the accumulated depreciation of fully depreciated assets that are still being used. This accounting adjustment is meant exclusively for financial reporting purposes, being reversed on the first day of the following year.

223. The Board ponders that the accounting procedure performed by the UN-Habitat would not substitute an annual review of the residual value and the useful life of

property, plant and equipment items, which would not harmonize with the provisions stated in the IPSAS 17.

224. In that sense, the Board considers that a regular review of residual values and the useful life of assets provide a more accurate carrying amount to the property, plant and equipment items, which is imperative to ensure a reliable and quality financial reporting.

225. In this regard, the Board understands that this practice obeys to a Headquarters guidance, however, the Board still estimates that the Headquarters instructions and the practices conducted in this case by UN-Habitat, should be consistent with IPSAS 17 on this matter.

226. The Board recommends that UN-Habitat coordinate with United Nations Headquarters to carry out a regular review of the residual value of assets in general and its fully depreciated assets that are still in use, in particular appropriately assigned useful lives and residual values to the assets, as establishes IPSAS 17.

227. UN-Habitat accepted this recommendation and indicated that it will consult with the United Nations Headquarters on how best to implement it in accordance with IPSAS.

Unused Property at Sri Lanka Country Office

228. Paragraph 13 of IPSAS 17 establishes that property, plant and equipment are tangible items that: (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one reporting period.

229. The Secretary-General's bulletin on the Financial Regulations and Rules of the United Nations, ST/SGB/2013/4, in its rule 105.21, states that physical verification and maintenance records of the property, plant and equipment assets shall be carried out by the organization.

230. In this regard, a spot check of the vehicles assigned to UN-Habitat Sri Lanka country office located in Colombo was performed. It was observed that as at April 2019 at least five vehicles accounting recorded as property, plant and equipment assets were not being used by the country office. The vehicles were used in the north of the country in the execution of the projects "Indian Housing Project in Sri Lanka" and "Construction of Schools in Mannar District", as a mean to transport personnel to distant sites where activities were taking place.

231. However, according to the country office, once the offices were closed the vehicles were moved to Colombo. Since then, the vehicles have not been assigned to a fixed project and have only been given use on a temporary basis, most of them used until 2018. Four of them were parked in the country office's facilities located in De Fonseka street and the remaining one was located in a parking lot in the Athurugiriya area.

232. In addition, in the mentioned parking lot, a sixth vehicle belonging to UN-Habitat was verified; however, this was not registered in accounting records since it was fully depreciated.

233. It should be noted that the parking lot located in Athurugiriya did not provide the appropriate conditions to keep the vehicles and ensure their usability.

234. The Regional Office for Asia and the Pacific explained that as part of the asset management, the office initiated disposal of three vehicles out of five and decided to keep other two, which were considered to be in better conditions for future use.

235. The Board considers that maintaining property, plant and equipment assets unused and under inadequate conditions is not consistent with the provisions indicated in the afore-cited rule 105.21.

236. Moreover, the Board estimates that the storage conditions of the vehicles could be improved, considering that the environment already provides a disadvantage in their proper maintenance, given the high humidity and salty atmosphere. This also proves to be a valid reason to conduct a periodic check up on the vehicles. It should be pointed out that keeping the vehicles in poor conditions might negatively affect their future usability.

237. The Board recommends that the Sri Lanka country office and the Regional Office for Asia and the Pacific assess and determine the disposal of the three vehicles that are not planned to be assigned to immediate projects. In this assessment, the vehicle which has been fully depreciated should also be included.

238. The Board recommends that the Sri Lanka country office and the Regional Office for Asia and the Pacific improve the measures taken to ensure that the vehicles awaiting for use are in good condition. This means proper maintenance, which should include routine general check-ups of the vehicles, and adequate storage.

239. UN-Habitat accepted the recommendation. The Regional Office for Asia and the Pacific with the assistance of UN-Habitat headquarters, will setup a safeguarding and maintenance plan for all vehicles.

9. Procurement management

Payment Pending Invoices

240. The Budget and Financial Management Service Accounts Section Procedure Manual, regarding the vendor payments, establishes in its chapter 1, numeral 6, the documents that are pre-requisites in order to complete the payment process.

241. The pre-requisites documents are: valid contract, shopping cart and approved purchase order; purchase order reference and focal point information on the invoice; service entry sheets and goods receipt approved in Umoja; business partner's bank details completed in Umoja; cash and budget sufficiency in the grant; invoice submission to the Budget and Financial Management Service of UNON, through the service desk or hand delivery and; full details of the invoice, for instance, purchase order reference and focal point information.

242. Moreover, the mentioned manual of the Budget and Financial Management Service indicates that when documents identified as pre-requisite are available in Umoja, the accounts payable documents process, review and approval must be performed. In case such pre-requisite documents are not available, the respective focal point is assigned for the creation of them, besides of the monitoring need for verifying that the process is completed.

243. In this regard, the process of creating the payment documents for review and approval is carried out by UNON, while the focal point responsible for the purchases is from UN-Habitat. Additionally, the payment terms indicated in Umoja consider 30 days for this procedure.

244. Thereupon, as at October of 2019, out of 33 invoices pending for payment related to UN-Habitat, 20 were pending of payment for more than 30 calendar days. These 20 invoices amounting to approximately \$28,450 and the reason why they were pending of payment was the absence of the documentation identified as a pre-requisite for completing the payment process.

245. Hereafter, as at November 2019, out of those 20 invoices, 9 were still pending of payment, amounting approximately \$11,800. In this regard, UNON informed that they had not received from UN-Habitat the purchase order related to these invoices, which were not found as supporting documentation in Umoja either.

246. The Board considers that the non-availability of documents identified as pre-requisites for payment, corresponds to a weakness from the focal point responsible for the purchases from UN-Habitat, which has as consequence that vendors do not timely receive their payments, which consequently may generate potential claims and disputes presented by the vendors.

247. The Board recommends that UN-Habitat strengthen the monitoring of the payment procedure, with the purpose of avoiding pending payments due to absence of the pre-requisite documentation.

248. UN-Habitat accepted the recommendation and will, in coordination with UNON, strengthen the monitoring process in order to ensure timely payments to vendors.

10. Office Management

Contribution Agreement for the Manila's Office, Philippines

249. The lease agreement between the Rockwell Land Corporation and the United Nations International Children's Emergency Fund (UNICEF) was subscribed with the purpose of being used by different United Nations agencies, programmes and funds using two complete flats of a building located in Manila, from 15 February 2018 to 14 February 2023.

250. In this regard, it is important to mention that a total of eight staff members work for UN-Habitat Philippines country office, in the indicated building.

251. Consequently, through a memorandum of understanding, UNDP was entrusted with the duty of administering the common premises of these two flats. This memorandum of understanding considered at the 14th floor a specific area for four personnel of UN-Habitat.

252. In addition, through a contribution agreement between UN-Habitat and the Food and Agriculture Organization (FAO) of the United Nations, other four workspaces at the 14th floor as well were formally provided to personnel of UN-Habitat.

253. The contribution agreement with FAO allowed the temporary use of the spaces, for the period of seven months for the contribution amount of \$5,557.23. The period mentioned in the contribution agreement was from 15 August 2018 to 14 March 2019, with a possible extension up to 14 June 2019, subject to availability of funds and workspaces.

254. In this regard, it was verified that UN-Habitat paid FAO the amount of \$5,557.23 for the provision of the four workspaces, for the period from 15 August 2018 to 14 March 2019.

255. At the time of the audit visit (January 2020), it was verified that the four workspaces earlier provided by FAO were still being used by the personnel of UN-Habitat. However, there was not a formal extension of the contribution agreement nor additional payments, nor a formal authorization allowing the occupation of the facilities.

256. In this respect, the country office explained that they have discussed the extension of the agreement to be amended. Nevertheless, this has not been prepared by FAO despite their requests and follow-ups.

257. The Board considers that the four spaces assigned originally to FAO are still being used by personnel of UN-Habitat without formal authorization.

258. The Board recommends that the Philippines country office and the Regional Office for Asia and the Pacific formalize the use of the workspaces provided by FAO.

259. UN-Habitat accepted the audit recommendation and will formalize the use of the office space with FAO.

Lease Agreement for the Iligan's Office, Philippines

260. A lease agreement to use an office space by the personnel of UN-Habitat was agreed between the owner of the property located in Iligan, hereinafter referred to as the lessor, and UNDP. This agreement established a lease term from 5 July 2018 to 4 July 2019.

261. Consecutively, the lease duration of the agreement was extended until 31 March 2020, through an amendment signed on 16 July 2019 by the lessor.

262. Thereupon, it was verified that nor the lease agreement neither its amendment, have the date of the signature by UNDP.

263. Furthermore, it was noted that the amendment of the lease agreement was signed by the lessor on 16 July 2019, although, the lease agreement had already expired on 4 July 2019. This situation reveals that for a period of 11 calendar days the property was used as office without formal authorization.

264. In this regard, it is important to mention that a total of 21 personnel work for the Philippines country office, all of them in the said property.

265. The Regional Office for Asia and the Pacific explained that they undertook proper planning, sending a request for an extension and informed UNDP of the financial proposal on 1 July 2019. Then, UNDP sent the amended lease agreement for signing on 9 July 2019, which was signed and returned on 16 July 2019.

266. Considering the exposed, the Board estimates that the occupancy of a property during a period uncovered by a lease agreement generates uncertainty for the personnel of UN-Habitat and in addition exposes the entity to legal uncertainty and insufficient protection in the event of legal issues with the lessor, which should be avoided.

267. The Board recommends that the Philippines country office and the Regional Office for Asia and the Pacific improve the monitoring process of the lease agreements, in partnership with UNDP, in order to these agreements properly and timely be in force, avoiding uncovered gaps for the use of the facilities.

268. UN-Habitat accepted the audit recommendation adding that the new lease from 31 March 2020 to 31 December 2020 was sign on 31 March 2020.

11. Travel

Travel of the Regional Office for Asia and the Pacific

269. The administrative instruction on official travel, ST/AI/2013/3, of 12 August 2013, in its section 3, numeral 3.3, establishes that in accordance with staff rule 7.8, all travel arrangements for individuals travelling on behalf of the United Nations, including advance booking and purchase of tickets, should be finalized 16 calendar days in advance of commencement of official travel.

270. In addition, the administrative instruction in the same section and numeral, states that programme managers will be required to provide justification on all official travel arrangements that could not be finalized 16 calendar days in advance of the commencement of travel. Any changes to an approved travel authorization shall require justification and certification by the appropriate programme manager and the relevant executive or administrative office.

271. On the other hand, the information circular on official travel, ST/IC/2019/16, of 8 July 2019, in its paragraph 14 states regarding the aforementioned section 3, numeral 3.3 and staff rule 7.8, that the individuals travelling on behalf of the United Nations by commercial air paid for by the United Nations, should obtain the approval of the travel processing office for the Umoja travel request 16 calendar days in advance of the commencement of official travel.

272. Moreover, returning to the previously cited administrative instruction ST/AI/2013/3, in its section 13, numeral 13.1, establishes that staff members shall, within two calendar weeks after completion of travel other than under the lump-sum option, submit a completed travel reimbursement claim on the mentioned form, to their executive or administrative office.

273. Likewise, the mentioned administrative instruction, in its section 3, numeral 13.5, states that staff members having selected the lump-sum option shall, within two calendar weeks after completion of travel, complete the indicated form and provide the certification and supporting evidence required.

274. Lastly, the previously indicated information circular ST/IC/2019/16, in its numeral 46 mentions that staff members and travel administrators must submit the expense report for their or their travellers' trips within two weeks of the authorized return travel date. The submission of an expense report is applicable for both ticket (including self-ticketing) and lump-sum options.

275. In this regard, the Board analysed 25 travels as sample related to the Regional Office for Asia and the Pacific and undertaken as at 31 October 2019.

276. It was detected that for seven trips the approval of the respective travel was not 16 calendar days in advance of the commencement of the official travel. These travels were not properly justified and certificated.

277. In addition, it was observed that for seven trips, the expenses travel report was submitted later than two calendar weeks after completion of the travel.

278. The Regional Office explained that there were official missions where activities were managed by partners, as governments, which invitations were received less than 16 days before the events. Also, it was explained that there were cases where after one mission completed, it was followed with another mission, therefore, after the completion of the second mission, the traveler prepared and submitted the expenses report of the first mission.

279. The Board understands that when invitations are not received with enough anticipation it is not possible to obtain the approval of the Umoja travel request in advance of the commencement of the travel. In that situation, programme managers must provide justification, which should be available in Umoja. Also, the Board estimates that the fact that a traveller is in a subsequent mission, is not an obstacle for the preparation and submission of the corresponding travel expenses report during the two weeks, after completion of the correspondent travel.

280. The Board considers the fact that official travels approved with less than 16 calendar days in advance, without justification, and that expenses report are not submitted during two weeks after completion of travel, reflects a weakness in the

travel planning process, in addition to the non-accomplishment with the aforementioned administrative instruction and information circular.

281. The Board recommends that the Regional Office for Asia and the Pacific ensure the timely accomplishment of the requirements of official travels, as approvals in advance of the travel commencement and submissions of expenses reports after travel completion, including recording the fulfilment of the requirement for exceptions to the 16 days' rule.

282. UN-Habitat accepted this recommendation. Management noted that justification for travels starting less than the 16 days in advance are systematically and automatically documented in Umoja. In addition, management mentioned that for operational reasons the 16-days rule cannot always be met because, in some occasions, staff members are invited by partners or staff members have to attend emergency works. In these cases, the justifications are documented in Umoja.

283. Management also indicated that in order to manage the exceptions, the Regional Office for Asia and the Pacific has established advance pre-clearance of travel request in hard copies, pre-approval by UN-Habitat headquarters and documentation in the travel module in Umoja. UN-Habitat will continue promoting compliance with the 16-days rule.

284. The Board recognizes the efforts of UN-Habitat and takes note of the explanations provided, however, for the cases analysed, proper justifications in Umoja were not found.

12. Information and Communications Technology (ICT)

Information and Communications Technologies Committee

285. The Secretary-General's bulletin ST/SGB/2003/17, in its paragraph 4.4 established that all departments and offices away from Headquarters (Secretariat) shall establish internal or local ICT groups or committees following the pattern of the Board. They shall establish departmental strategies aligned with the overall objectives of the Secretariat; maintain and update information on departmental systems, resources and assets; review existing systems to confirm their cost-effectiveness and; ensure that standard methodologies are consistently used for information and communications technology projects.

286. In addition, the UN-Habitat ICT Committee's terms of reference, in its numeral 1, states that the primary purpose of the ICT Committee is to act as an advisory body to the Senior Management Committee, to ensure that UN-Habitat has the appropriate information and communications technology infrastructure and systems to support the achievement of its strategic and operational goals and ensure the effective, efficient and coordinated delivery of information and communications technology services.

287. Then, the indicated terms of reference in its numeral 3, establishes the ICT Committee's members. The chair of the Committee is the Director of the Management and Operations Division, the secretary is the Head of the ICT Unit of Management and Operations Division, and the rest of the members are nominees that will represent regions, branches and divisions of UN-Habitat.

288. On the other hand, the Senior Management Committee is comprised by the Executive Director or the Deputy and the Heads of Divisions, branches and regional offices, all of UN-Habitat.

289. Moreover, the terms of reference, in its numeral 4, establishes that the ICT Committee will meet on a six-month basis, preferably in January and July, and that

minutes of the committee meetings will be circulated to the whole Senior Management Committee.

290. In this regard, the minutes of the committee meetings were requested, from January 2018 to August 2019, however, it was informed that the ICT Committee had not met.

291. The Board considers that the fact that the ICT Committee does not hold regular meetings, obstructs its main purpose, which is to act as an advisory body to the Senior Management Committee providing strategy and guidelines related to information and communications technology governance and aligning with the overall objectives of the Secretariat.

292. The Board recommends that UN-Habitat hold the ICT Committee meetings periodically for achieving the objectives and purposes established in the bulletin ST/SGB/2003/17 and UN-Habitat ICT Committee terms of reference.

293. UN-Habitat accepted this recommendation and will consider it in the context of the new organizational structure rolled out from 1 January 2020.

C. Disclosures by management

294. UN-Habitat made the following disclosures relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud.

1. Write-off of cash, receivables and property

295. UN-Habitat reported to the Board that, in accordance with financial rule 106.7, losses of accounts receivable amounting to \$0.02 million and advances losses of \$0.5 million were written off in 2019.

2. Ex gratia payments

296. Management confirmed that UN-Habitat did not make any ex gratia payments in 2019.

3. Cases of fraud and presumptive fraud

297. 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 irregularities, including those resulting from fraud. Our audit, however, should not be relied upon to identify all misstatements or irregularities. The primary responsibility for preventing and detecting fraud rests with management.

298. During the audit, the Board makes 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 has identified or has been brought to its attention. The Board also inquire whether management has any knowledge of any actual, suspected or alleged fraud; this includes enquiries of the Office of Internal Oversight. The additional terms of reference governing external audit include cases of fraud and presumptive fraud in the list of matters that should be referred to in its report.

299. In 2019, UN-Habitat notified the Board of none cases of fraud or presumptive fraud during 2019.

D. Acknowledgement

300. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director and staff members of the United Nations Human Settlements Programme.



Kay Scheller
President of the German Federal Court of Auditors
Chair of the Board of Auditors



Jorge Bermúdez
Comptroller General of the Republic of Chile
(Lead Auditor)



Rajiv Mehrishi
Comptroller and Auditor General of India

21 July 2020

Annex

Status of implementation of recommendations up to the year ended 31 December 2018

<i>No</i>	<i>Audit report year and reference</i>	<i>Summary of the recommendation of the Board of Auditors</i>	<i>UN-Habitat responses</i>	<i>Board's assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
1	2015 A/71/5/Add9, Chap II, para. 25	The Board recommends that UN-Habitat: (a) Follow-up with the housing foundation to recover the outstanding loan amount; and (b) enhance the screening and monitoring mechanisms for the loan portfolio.”	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that the housing foundation is now officially liquidated and UN-Habitat is about to receive a final payment of approximately \$249,000. UN-Habitat will share with the Board the evidence supporting the liquidation of the housing foundation to facilitate the closure of this recommendation.</p> <p>In addition, in October 2019, UN-Habitat provided information in this regard.</p>	<p>In the Board's report of 2018 (A/74/5Add.9) the letter b) of recommendation was considered resolved. Therefore, the current assessment is regarding letter a) of the recommendation.</p> <p>The amount given to the Palestinian Affordable Housing Association (SAKAN) was \$ 1,000,000 on the occasion of the implementation of Experimental reimbursable planting operations (ERSO), in April 2007, awaiting the repayment of the loan for 2013.</p> <p>To implement this programme, SAKAN made a contract with the AMAL (private entity) with the purpose of providing secondary mortgage financing to low and middle income people for affordable housing loans made by partner banks. Of the total loan granted by UN-Habitat to SAKAN, it was only provided to AMAL \$750,000, hence UN-Habitat kept \$250,000.</p> <p>During 2015, AMAL went bankrupt, unable to meet the stated objectives. In 2017, a liquidation of this company was made, in which the amount of \$248,705.5 was returned to SAKAN.</p>				X

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
				<p>After all this process, UN-Habitat was able to recover the sum of \$498,705.5 from SAKAN (corresponding to the \$250,000 retained by SAKAN plus the amount recovered after the liquidation of AMAL). The difference with respect to the \$1,000,000 granted to SAKAN was determined as unrecoverable and therefore the provision was made for that amount. On the other hand, UN-Habitat expressed that it began with the write-off process of the unrecoverable amount.</p> <p>Considering that UN-Habitat got a recovery of approximately 50 per cent and the remaining amount was considered for the write-off process, this recommendation is considered as overtaken by events.</p>				
2	2015 A/71/5/Add9, Chap II, para. 54	The Board recommends that UN-Habitat: (a) Identify the risks that might affect project implementation in advance of the execution phase to minimize the negative effects of delaying the intended benefits for the societies involved; and (b) plan and manage the recruitment process with respect to experts in the field office to ensure that there is timely and adequate staffing	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that a new project risk management guide had been put in place which provided guidelines on how to manage risks, including risks related to the recruitment process and the performance of implementing partners. UN-Habitat considers this recommendation to have been	Paragraphs 50 and subsequent of the Board's report of 2015 (A/71/5/Add 9), mentioned that the Board noted weaknesses in budget utilization in four country offices, namely Democratic Republic of the Congo, Ghana, Haiti and Rwanda. In that occasion, UN-Habitat stated that the reasons were because of a volatile security situation in the working environment, the inadequate staffing of country offices and the late disbursement of funds. That said, during this current audit process, on one hand it was verified the projects with		X		

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		for improved project performance.	implemented and requests its closure by the Board. UN-Habitat added that following the completion of the organizational restructuring, the risk committee will resume its operations and review the proposed project risk management guide for 2020.	approval date during 2019 related to the country offices previously mentioned, excepting UN-Habitat Haiti country office since it did not start projects in 2019. In that regard, all the projects contained in their project document uploaded in the system, the respective constraints and risk analysis. On the other hand, it was requested to UN-Habitat to provide the plans of the recruitment process and the situation of staff members and vacancies associated to the four offices previously mentioned, however, the information was not provided. While the UN-Habitat project risk management procedure manual, of November 2017, contains guidelines about project risk management and assessment, considering as risk definition the absence of staff and consultants, it is necessary to verify the recruitment process in the country offices previously mentioned. Therefore, this recommendation remains under implementation.				
3	2016 A/72/5/Add9, Chap II, para. 13	The Board recommends that UN-Habitat: (a) Conduct enterprise resource management awareness training to enable the country offices staff to acquire the skills and knowledge necessary for	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat is making necessary follow-up efforts to ensure that its staff members in country offices complete the	In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was indicated that the entity was developing measures to implement a project risk management model and that the entity showed relevant advance in staff training on the prevention of fraud,		X		

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		effective implementation of enterprise risk management; and (b) prepare the risk register in accordance with the UN Habitat enterprise risk management guidelines and summarize all important risks and response strategies in order to mitigate risks in project implementation.	<p>specified training. Once the ongoing organizational realignment is completed, UN-Habitat will prepare and update a new risk register with related risk mitigation controls.</p> <p>In this regard, through the report it is requested that this recommendation be considered under implementation.</p> <p>UN-Habitat added that following the completion of the organizational restructuring, the risk committee will resume its operations and review the proposed project risk management guide for 2020.</p>	<p>concluding that this recommendation was under implementation.</p> <p>Considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, the recommendation is maintained under implementation.</p>				
4	2016 A/72/5/Add9, Chap II, para. 23	The Board recommends that UN-Habitat: (a) Formulate strategies to minimize consultancy costs in accordance with its strategic objectives for the period 2014-2019; and (b) include minimization of consultancy costs in the results framework for tracking and reporting periodically.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat will reconsider the need to minimize its consultancy costs in the light of its new strategic plan for the period 2020–2023 and its work programme for 2020.</p> <p>In addition, on July 2020 UN-Habitat exposed that the</p>	<p>In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was mentioned that the accounts provided were reviewed by the entity; however, that it was considered insufficient evidence to confirm that there were active strategies formulated to minimize consultancy costs, or include the minimization of consultancy costs in the results framework for tracking and reporting periodically.</p> <p>In this regard, considering the information provided by UN-Habitat on July 2020, the</p>		X		

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			<p>recommendation was made in the context of the 2014-2019 strategic plan. Currently, a new strategic plan for 2020-2023 has been adopted and under implementation. Lastly, UN-Habitat indicated that the use of consultants was considered as part of UN-habitat business model in order to minimize operational costs and access expertise, hence, the recommendation should be considered as overtaken by events.</p>	<p>strategic plan for 2020-2023, with its objectives and consultant's costs, will be reviewed in next audit, hence this recommendation is still under implementation.</p>				
5	2016 A/72/5/Add9, Chap II, para. 73	The Board recommends that UN-Habitat comply with all agreed terms and conditions in contract agreements to avoid misunderstandings with donors.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that the financial report on the project for socioeconomic and urban renewal in Ondo, Nigeria, was received. The report indicated that UN-Habitat did not receive the balance of funds because of the change of government in Nigeria, and not due to non-compliance with donors' conditions. UN-Habitat will discuss the additional information required for the	<p>Through letter (a) of paragraph 71 of the Board's report of 2016 (A/72/5/Add.9), it was observed the failure to comply with the terms and conditions of the contract agreements of two projects.</p> <p>The first project was a funding agreement with the United Nations Environmental Programme (UNEP). Since UN-Habitat failed to fulfil the conditions, the amount of \$ 64,473 at that time had not been carried out. However, since this amount was received during 2018 by UN-Habitat, this observation was resolved by then.</p> <p>The second project observed was the project for socioeconomic and urban renewal in Ondo,</p>	X			

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
			<p>closure of this recommendation with the Board during the next audit.</p> <p>In addition, in October 2019, UN-Habitat provided information in this regard.</p>	<p>Nigeria. After UN-Habitat failure to account an instalment, a subsequent instalment totalling \$420,000 was not released. Through the report of 2019 Secretary-General's clarifies that UN-Habitat did not receive the funds because of the change of government in Nigeria and not due to non-compliance with donors' conditions. In this regard, UN-Habitat provided emails between the personnel, which mention that the donor did not continue funding the project due to its financial distress and for that reason triggered its cessation. It is understood that the project was no longer implemented due to the reasons exposed and at February 2020, the closure of the grant which funded the project was ratified.</p> <p>Considering the exposed, this recommendation has been implemented.</p>				
6	2016 A/72/5/Add9, Chap II, para. 74	The Board recommends that UN-Habitat strengthen monitoring of the implementation projects funded by conditional agreements in order to ensure that revenue is realized after fulfilling the conditions and to reduce the amount of liability in the financial statements.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat has taken measures to monitor the implementation of the projects funded under conditional agreements and will apply the corresponding adjustments to the grants without financial movements.	<p>The Board noted that UN-Habitat has taken the measures to monitor the implementation of the projects funded under conditional agreements.</p> <p>In that sense, out of the six grants observed and identified with amounts in the report of 2016 (A/72/5/Add9), from the analysis conducted in Umoja, at December 2019, two grants that still had balance were found.</p> <p>Therefore, this recommendation remains under implementation.</p>		X		

<i>No</i>	<i>Audit report year and reference</i>	<i>Summary of the recommendation of the Board of Auditors</i>	<i>UN-Habitat responses</i>	<i>Board's assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
			It is requested that this recommendation be considered under implementation.					
7	2017 A/73/5/Add9, Chap II, para. 15	The Board recommends that UN-Habitat: (a) Ensure capacity-building programmes are conducted for all staff who have resource mobilization responsibilities at the country and regional levels; and (b) develop policy guidelines and circulate them to the regional and country offices as required under the results framework for the donor relations and income strategy.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General explained that UN-Habitat is developing capacity-building programmes for all staff members concerned. The policy on donor visibility has been finalized and circulated.</p> <p>In this regard, it was requested that this recommendation be considered under implementation.</p> <p>In addition, on July 2020 UN-Habitat added that in December 2019 it was conducted a training on resource mobilization to all regional staff and UN-Habitat Headquarters staff. In this regard UN-Habitat provided documentation as emails.</p>	<p>In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was indicated that UN-Habitat had developed a policy related to donor visibility, which was applicable to all projects receiving earmarked funding from donors. Likewise, it was observed that the agency was making progress on staff training in this area. It was concluded that this recommendation was under implementation.</p> <p>From the information provided by UN-Habitat on July 2020, it was no possible to verify the staff at the country and regional levels participated in the training.</p> <p>Considering that during the current process enough information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained under implementation.</p>		X		

<i>No</i>	<i>Audit report year and reference</i>	<i>Summary of the recommendation of the Board of Auditors</i>	<i>UN-Habitat responses</i>	<i>Board's assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
8	2017 A/73/5/Add9, Chap II, para. 19	The Board recommends that UN-Habitat ensure that substantive and financial aspects of project documents are reviewed and approved by the Project Advisory Group prior to the signing of funding agreements, as required by the UN-Habitat project-based management policy.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat has revised and strengthened its project approval workflow. The new workflow makes it clear that a concept note must be prepared and approval by the Project Advisory Group must be obtained before an agreement is signed. UN-Habitat is currently automating the project approval process to allow better oversight of the process.</p> <p>In that regard, it is asked that this recommendation changes its status to under implementation.</p>	<p>In paragraph 16 and subsequent of the Board's report of 2017 (A/73/Add.9) it was observed that four projects related to the country offices of Brazil and Colombia, were approved by the Project Advisory Group after funding agreements had been signed.</p> <p>In accordance with the information contained in the Project Accrual and Accountability System, in this opportunity, the projects with approval date during 2019 and in charge of the Regional Office for Latin America and the Caribbean were analysed, since there were only three and none related to Colombia.</p> <p>Two projects were related to Brazil and one to Mexico. One of the projects related to Brazil fulfilled with the Project Advisory Group approval prior to the signing of the funding agreement, nevertheless the other two presented the Project Advisory Group approval after eight and nine calendar days.</p> <p>On the other hand, it was requested to UN-Habitat to explain the measures that UN-Habitat and ROLAC had taken for accomplishing that projects documents are reviewed and approved by the Project Advisory Group prior to the signing of funding agreements, however, this information was not provided.</p>		X		

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
				In conclusion, the recommendation is under implementation.				
9	2017 A/73/5/Add9, Chap II, para. 22	The Board recommends that UN-Habitat ensure documentation is in place whenever there is movement of assets in order to reduce the risk of losing assets.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that a training session for asset focal points was conducted in Cairo in November 2018, and the training materials, which included the form regarding the handover of assets, were circulated to asset focal points. Further training was carried out in May 2019 through Skype. In addition, there have been regular reminders to all asset focal points of the need to ensure the proper handover of documents.</p> <p>The Secretary-General mentions that UN-Habitat considers this recommendation to have been implemented and requests its closure by the Board.</p>	<p>In paragraph 20 of the Board's report of 2017 (A/73/Add.9) it was observed that at the country office in Libya, the Board found that 26 assets worth \$126,878.10 had been moved from the office rented by UN-Habitat to the Urban Planning Agency office as a result of the unstable security situation in the country.</p> <p>In addition, it was mentioned that an employee of UN-Habitat (retired) gave the Chair of the Urban Planning Agency custody of the keys to UN-Habitat office and to three motor vehicles, pending improvement of the security situation.</p> <p>In this occasion, it was requested to UN-Habitat to clarify whether the country office in Libya is operational and the current situation of the assets observed. Additionally, it was requested to UN-Habitat to provide the list of focal points that participated in the training and the topics considered during this training.</p> <p>Considering that during the current process information in this regard that allowed verifying the implementation of the recommendation was not received, this recommendation remains under implementation.</p>		X		

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10	2017 A/73/5/Add9, Chap II, para. 32	The Board recommends that UN-Habitat: (a) Ensure that funds are released to implementing partners on time so that the planned activities can be completed within the scheduled period; and (b) establish a risk-based fast-track payment process for emergency and high-priority countries, as proposed by the country office in the Syrian Arab Republic.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that the Umoja implementing partners' management solution was launched in December 2018, which included the grantor management module. The new module will provide automatic notifications of payment due dates to the relevant UN-Habitat officials and allow the tracking of timely payments to implementing partners. UN-Habitat will establish key performance indicators and a related monitoring mechanism to ensure that payments to all implementing partners are completed within the agreed time frame. In this regard it is requested that this recommendation be considered under implementation.	In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was considered that the Umoja solution was a relevant advance towards ensuring timely monitoring of implementing partners' compliance; however, the Board understood that it was an ongoing process, concluding this recommendation as under implementation. Considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained under implementation.		X		
11	2017 A/73/5/Add9, Chap II, para. 35	The Board recommends that UN-Habitat field offices: (a) comply with the delegation of authority as required by the	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat has	During the current process, it was verified regarding the letter (a) of the recommendation, concerning the offices of Libya, that the director of the Regional Office for the Arab	X			

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		<p>memorandum of the Executive Director; and (b) the country office in China obtain appropriate office accommodations for its staff.</p>	<p>strengthened its delegation of authority and accountability framework and communicated with all staff to raise their awareness regarding the need for compliance and the consequences of non-compliance. UN-Habitat has also secured an office space in China.</p> <p>In addition, in October 2019, UN-Habitat provided information in this regard and asked the closure of this recommendation.</p>	<p>States certified via email, that due to the continuous civil unrest the operations of Libya have not been revitalized. Then, the Director indicated that as soon as they re-establish these operations in Libya, they will notify to UN-Habitat headquarters, adding that while matters related to Libya are managed from the UN-Habitat office in Tunisia, under the delegation of authority of the director of the Regional Office for Africa.</p> <p>Concerning to the letter (b) of the recommendation, about the offices of China, UN-Habitat attached the document named lease contract apartment, from 1 June 2019 to 31 May 2021.</p> <p>Considering the information exposed, it is possible to conclude that this recommendation is implemented.</p>				
12	2017 A/73/5/Add9, Chap II, para. 39	The Board recommends that UN-Habitat ensure that the country offices in Colombia and Brazil: (a) find safer outside locations to store their backups, which can be accessed by staff during disasters; and (b) develop disaster recovery and business continuity plans.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat will be implementing the off-site cloud system "OneDrive", which is approved by the United Nations Secretariat. UN-Habitat is also in the process of finalizing a risk mitigation plan for business continuity planning,	In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was indicated although the regional offices in Brazil and Colombia have considered storing their information locations outside their duty stations, the locations in question are not United Nations facilities, adding that the options of storing official work on Unite Docs and Microsoft One Drive were not operative. On the other hand, in the Board's report was indicated that there was no evidence of progress		X		

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			<p>which will address this recommendation.</p> <p>It is requested that this recommendation be considered under implementation.</p>	<p>on drafting disaster recovery and business continuity plans for the offices. This recommendation was under implementation.</p> <p>Considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained in its last status.</p>				
13	2017 A/73/5/Add9, Chap II, para. 44	The Board recommends that UN-Habitat establish management structures and administrative policies and procedures for the new hub arrangement that provide guidance on the day-to-day management of hub operations in the Regional Office for Latin America and the Caribbean.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that once the current organizational realignment is completed, UN-Habitat will consider the need for a management structure and for administrative policies and procedures for the new hub arrangement.</p> <p>In the report it is requested that this recommendation be considered under implementation.</p> <p>In addition, UN-Habitat mentioned that the recommendation will be considered once the ongoing regional organizational structure is finalized.</p>	<p>In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was indicated that although UN-Habitat had provided information related to the organization of ROLAC and its four hubs, there had been no formalization of the management structures and administrative policies and procedures. This recommendation was considered under implementation.</p> <p>Considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained under implementation.</p>		X		

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
14	2017 A/73/5/Add9, Chap II, para. 51	The Board recommends that The Regional Office for Latin America and the Caribbean develop an action plan to ensure that core activities are performed by staff members.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that once the ongoing organizational realignment is completed, UN-Habitat will develop an action plan ensuring that the core activities are performed by staff members.</p> <p>In the report it is asked that this recommendation be considered under implementation.</p>	<p>In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was mentioned that there was no evidence that core activities were performed by staff members in accordance with an action plan developed by the regional office; however, UN-Habitat was in the process of restructuring, and the regional office was endeavouring to organize its structure. This recommendation was considered under implementation.</p> <p>Considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained under implementation.</p>		X		
15	2017 A/73/5/Add9, Chap II, para. 55	The Board recommends that UN-Habitat comply with the administrative instruction on consultants and individual contractors (ST/AI/2013/4) by utilizing the roster in the selection of consultants and individual contractors to ensure that competent and experienced consultants and individual contractors are selected.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat communicated to its staff the need to comply with the administrative instruction on consultants and individual contractors and will develop a mechanism to monitor compliance.</p> <p>It is requested to consider this recommendation under implementation.</p>	<p>In the Board's Assessment of the Board's report of 2018 (A/74/5/Add. 9), it was mentioned that the register of consultants provided by the entity was an appropriate measure for making progress on this issue. However, the effective use of the list was considered an ongoing process, and the Board concluded that this recommendation was under implementation.</p> <p>Considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained under implementation.</p>		X		

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16	2017 A/73/5/Add9, Chap II, para. 59	The Board recommends that UN-Habitat: (a) adhere to the results-based management policy on reporting by incorporating analyses of the logical frameworks into their progress reports; and (b) prepare annual workplans for their activities in line with the approved programme of work for the biennium.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat will develop compliance mechanisms to ensure that field offices adhere to the results-based management policy on reporting by incorporating analyses of the logical frameworks into their progress reports and prepare annual workplans for their activities in line with the approved programme of work. It is requested that this recommendation be considered under implementation.	In the Board's report of 2018 (A/74/5/Add. 9) it was mentioned that there was no response about letter (a) of the recommendation. Then, in the Board's Assessment of the indicted Board's report, it was mentioned regarding letter (b) of the recommendation, that paragraph 2.2.1 of the UN-Habitat handbook on results-based management stated that each biennial work programme and budget contained two annual workplans, one for each year. The biennial work programme of the Regional Office for Latin America and the Caribbean was provided; however, its workplans for 2018 and 2019 were not. It was concluded that there was no evidence of the annual workplans in line with the approved programme of work and budget of the biennium. This recommendation was considered under implementation. Now, considering that during the current process information in this regard was not received and taking into account the Secretary-General's report, this recommendation is maintained under implementation .		X		
17	2018 A/74/5/Add9, Chap II, para. 21	The Board recommends that UN-Habitat conduct a complete analysis of the current status of the amounts delivered to implementing partners and received from conditional	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat has started a review of the old balances relating to implementing	In this regard, during the current process it was reviewed the grants related to implementing partners that received resources from conditional agreements. It was verified that, as at December 2019, UN-Habitat had regularized		X		

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		agreements, if applicable, request reimbursement of the resources provided to them and correct the accounting transaction records.	partners and conditional liabilities and plans to complete the review by December 2019. It is requested that this recommendation be considered under implementation.	38 out of 70 grants that were without movements from 2015 and 2016. Therefore, it is possible to conclude that UN-Habitat has been taking actions in this regard and this recommendation is under implementation .				
18	2018 A/74/5/Add9, Chap II, para. 22	The Board recommends that UN-Habitat evaluate the application of impairment provisions to advances accounts.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat, in coordination with the United Nations Office at Nairobi (UNON), is reviewing its advances accounts and will consider the need for impairment provisions against them. In this regard, it is requested that this recommendation be considered under implementation.	During the current process, at the beginning of March 2020, it was noted that were not new accounts in the balance sheet to December 2019 to register impairment provision. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X		
19	2018 A/74/5/Add9, Chap II, para. 23	The Board recommends that UN-Habitat enhance project supervision and internal control in the UN-Habitat policy for implementing partners to prevent grants under which no accounting transactions have	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat is establishing mechanisms to monitor advances to implementing partners under which no accounting transactions have	Supportive documentation was not provided about the new mechanisms to monitor the implementing partners without accounting transactions for a period. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation		X		

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		been made for an extended period from remaining in force.	been made for an extended period. In this regard, it is requested that this recommendation be considered under implementation.	is in process, this recommendation is considered as under implementation .				
20	2018 A/74/5/Add9, Chap II, para. 35	The Board recommends that UN-Habitat develop guidance that allows the identification, in a coherent form, of the roles of personnel, from both UN-Habitat and the United Nations Office at Nairobi, who are involved in the workflow of the creation and approval of grants for funding projects.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat launched a new implementing partner management module as part of Umoja extension 2. In this regard, the creation, review and approval of a grant is performed by the project assistant, the project officer and the certifying officer, respectively, before a grant is activated in the system, thereby ensuring appropriate segregation of duties. UN-Habitat considers this recommendation to have been implemented and requests its closure by the Board.	In paragraph 26 and subsequent of the Board's report of 2018 (A/74/5/Add.9) it was reviewed the Lotus Notes portal, in particular the grants in the UN-Habitat business area, detecting cases without segregation of duties. In this regard, during the current process it was verified that in the accounts of voluntary contributions and of advances transfers, were registered 496 grants for the first time during the year 2019, which were reviewed on the Lotus Notes portal and it was verified that these grants were not approved by the same user (certifying officer and account approver), hence there was an appropriate segregation of duties. The Lotus Notes portal was the portal where the grants were approved before Umoja Extension 2 started. During the audit visit, at October 2019, was verified that UN-Habitat was working with Umoja extension 2. In addition, it was tested the user assignment of	X			

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				<p>roles in Umoja related to the grantor management module extension 2, related to the creation, review and approval of a grant performed by the project assistant, the project officer and the certifying officer, not identifying conflict in the roles by the users.</p> <p>Therefore this recommendation is considered implemented.</p>				
21	2018 A/74/5/Add9, Chap II, para. 42	The Board recommends that UN-Habitat establish a framework and methodology for full cost recovery in accordance with General Assembly resolution 67/226 applicable in all units of the entity and inform its hubs and offices of its application.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat will review and update its corporate cost allocation and cost recovery policy to ensure that direct and indirect costs are appropriately attributed to projects across the organization in the future.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X		
22	2018 A/74/5/Add9, Chap II, para. 53	The Board recommends that UN-Habitat include detailed documentation of each project in the project accrual and accountability system in order to support their execution and corresponding progress.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that UN-Habitat is upgrading the project accrual and accountability system by integrating the full project	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X		

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
			<p>cycle into the system, including functionalities that support the implementation, monitoring, closing and reporting stages of projects.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>					
23	2018 A/74/5/Add9, Chap II, para. 54	The Board recommends that UN-Habitat improve the controls related to updated information, established in paragraph 36 of the project-based management policy.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that UN-Habitat is upgrading the project accrual and accountability system by integrating the full project cycle into the system, including functionalities that support the implementation, monitoring, closing and reporting stages of projects.</p> <p>In this regard in said report it was requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X		
24	2018 A/74/5/Add9, Chap II,	The Board recommends that UN-Habitat incorporate in the project accrual and	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is		X		

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	para. 62	accountability system the midterm and/or end-of-project evaluations for all its projects.	that UN-Habitat is in the process of upgrading and enhancing the project accrual and accountability system. This process includes incorporating an evaluation module into the system. In this regard, it is requested that this recommendation be considered under implementation.	possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.				
25	2018 A/74/5/Add9, Chap II, para. 63	The Board recommends that UN-Habitat improve the controls related to the evaluation reports, established in paragraph 19 of the project-based management policy.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat will establish control mechanisms to ensure its projects comply with the requirements of its evaluation policy. In this regard, it is requested that this recommendation be considered under implementation.	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.		X		
26	2018 A/74/5/Add9, Chap II, para. 67	The Board recommends that UN-Habitat update its internal manuals, such as the project based-management policy and the project accrual and accountability system	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat is in the preparation phase of implementing the portfolio and	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this		X		

No	Audit report year and reference	Summary of the recommendation of the Board of Auditors	UN-Habitat responses	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		guidelines and manual, to clearly establish Umoja and its extensions as the system that gives support to the different duties performed by the entity.	<p>project management module of Umoja extension 2. As part of this process, UN-Habitat will review and update the project-based management policy.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	recommendation is considered as under implementation.				
27	2018 A/74/5/Add9, Chap II, para. 77	The Board recommends that UN-Habitat conduct a review of the expenses relating to projects that are led or supported by consultants.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat is conducting a review of expenditures related to consultants.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.		X		
28	2018 A/74/5/Add9, Chap II, para. 78	The Board recommends that, as part of the review, UN-Habitat should request reclassification of the travel expenses and correct the accounting transactions records.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that as part of its review of expenditures relating to consultants, UN-Habitat will reclassify travel expenses and correct the accounting transactions records.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.		X		

<i>No</i>	<i>Audit report year and reference</i>	<i>Summary of the recommendation of the Board of Auditors</i>	<i>UN-Habitat responses</i>	<i>Board's assessment</i>	<i>Implemented</i>	<i>Under implementation</i>	<i>Not implemented</i>	<i>Overtaken by events</i>
			In this regard, it is requested that this recommendation be considered under implementation.					
29	2018 A/74/5/Add9, Chap II, para. 79	The Board recommends that UN-Habitat strengthen measures to identify and reclassify expenses and clearly set out the scope and frequency of controls.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that as part of its review of expenditures relating to consultants, UN-Habitat will establish a regular monitoring mechanism to identify and reclassify travel expenses relating to consultants.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p> <p>In addition, on July 2020, UN-Habitat mentioned that the issue of travel costs for consultants wrongly being classified under the class of staff costs had been fixed through an enhancement of Umoja.</p>	Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, and also that the correct classification of the travel cost through Umoja will be reviewed during the next audit process, this recommendation is considered as under implementation .		X		
30	2018 A/74/5/Add9, Chap II,	The Board recommends that the Regional Office for Latin America and the Caribbean	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is		X		

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	para. 87	align the preparation of the quarterly travel plans for the Mexico City hub with the provisions established in the project cycle procedures manual of 2017 to ensure appropriate authorization of travel.	that UN-Habitat will update the project cycle procedures manual to ensure travel is adequately approved. In this regard, it is requested that this recommendation be considered under implementation.	possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .				
31	2018 A/74/5/Add9, Chap II, para. 95	The Board recommends that UN-Habitat prepare a comprehensive annual acquisition plan for the forthcoming periods, in as timely a manner and as accurately as possible, in accordance with both the Financial Regulations and Rules of the United Nations and the United Nations Procurement Manual, taking into consideration its regional offices, country offices and hubs.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that UN-Habitat has updated its 2019 procurement plan, taking into consideration the requirements specified in this recommendation. UN-Habitat considers this recommendation to have been implemented and requests its closure by the Board.	In paragraph 89 and subsequent of the Board's report of 2018 (A/74/5/Add.9) it was noted the existence of an acquisition plan only for some UN-Habitat offices. It was mentioned that it was crucial that the plan include, among other things, a distinction between operative and strategic purchases, the available funds and the acquisition schedule. For the current audit process, UN-Habitat provided, in October 2019, Excel documents related to the procurement plans of its four regional offices excepting UN-Habitat headquarters. In that regard, the procurement plans provided did not consider the minimum characteristics indicated in the Board's report of 2018, as the distinction between operative and strategic purchases, the available funds and the acquisition schedule. The headquarters procurement plan was not provided either.		X		

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				Therefore the recommendation is considered as under implementation.				
32	2018 A/74/5/Add9, Chap II, para. 107	The Board recommends that each administrative level of UN-Habitat develop a comprehensive risk catalogue in accordance with the enterprise risk management implementation guidelines put in place by the organization.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat will finish implementing this recommendation once the ongoing organizational realignment is completed and the administrative units are known.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.		X		
33	2018 A/74/5/Add9, Chap II, para. 108	The Board recommends that UN-Habitat facilitate and validate the risk documentation made by each of its regional offices, thus offering a more comprehensive view of the difficulties and risk factors that affect the regions and ways to reduce local risks.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat will finish implementing this recommendation once the ongoing organizational realignment is completed and the regional offices are known.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.		X		

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34	2018 A/74/5/Add9, Chap II, para. 115	The Board recommends that for the office of the Rio de Janeiro hub, UN-Habitat make the efforts necessary to conclude a lease agreement signed by both parties, in accordance with the required conditions.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat is in the process of finalizing a lease agreement for the office of the Rio de Janeiro hub.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X		
35	2018 A/74/5/Add 9, Chap II, para. 116	The Board recommends that UN-Habitat review the disbursements related to lease payments previously made to the Instituto Pereira Passos of the municipality of Rio de Janeiro and clarify the legal basis for the payments.	<p>In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General indicated that UN-Habitat will ensure that all lease payments comply with the provisions of the final signed lease agreement.</p> <p>In this regard, it is requested that this recommendation be considered under implementation.</p>	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X		
36	2018 A/74/5/Add 9, Chap II, para. 127	The Board recommends that UN-Habitat improve the monitoring of staff annual leave to ensure that all leave is requested and approved by supervisors before being taken.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General mentioned that UN-Habitat has started conducting periodic monitoring to ensure that staff members apply for leave days and that	In paragraph 119 and subsequent of the Board's report of 2018 (A/74/5/Add.9) it was noted cases which the staff had used their annual leave without previously requesting it and without the prior approval of their supervisors and other cases which staff annual leave had		X		

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			such requests are approved by managers before staff members proceed on leave. UN-Habitat considers this recommendation to have been implemented and requests its closure by the Board.	<p>been approved by the supervisors after the date on which the staff had begun their leave.</p> <p>In that regard, during the current audit process, it was requested to UN-Habitat to explain the monitoring process of staff annual leave to ensure that are opportunely requested and approved, however, this information was not provided.</p> <p>On the other hand, during the current audit process the annual leave process through Umoja was reviewed, at the Regional Office for Asia and the Pacific several cases were detected where annual leaves were taken before being approved by supervisors through Umoja.</p> <p>Therefore the recommendation is under implementation.</p>				
37	2018 A/74/5/Add 9, Chap II, para. 128	The Board recommends that UN-Habitat perform periodic and timely reviews of the leave system to identify absences and, if relevant, apply charges on the monthly salary of the staff.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that UN-Habitat, in coordination with UNON, will conduct periodic monitoring to ensure that absences are recorded appropriately and, if relevant, charges are applied on staff salaries.	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation.		X		

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			In this regard, it is requested that this recommendation be considered under implementation.						
38	2018 A/74/5/Add 9, Chap II, para. 132	The Board recommends that UN-Habitat management devise a suitable mechanism to ensure better coordination between the entity and OIOS for the complete and comprehensive reporting of cases of fraud and presumptive fraud.	In the report of 19 September 2019 (A/74/323/Add.1), the Secretary-General stated that UN-Habitat, in coordination with the Office of Internal Oversight Services (OIOS), will devise a suitable mechanism to ensure there is better coordination between UN-Habitat and OIOS for the complete and comprehensive reporting of cases of fraud and presumptive fraud. In this regard, it is requested that this recommendation be considered under implementation.	Supportive documentation in this regard was not provided. Taking into account the Secretary-General's report, from which it is possible to understand that the implementation of the recommendation is in process, this recommendation is considered as under implementation .		X			
	Total				38	3	34	0	1
	Percentage				100	8	89	0	3