



UNITED NATIONS
BOARD OF AUDITORS

B u n d e s
rechnungshof

Bundesrechnungshof's United Nations Board of Auditors mandate

Maik Esser-Müllenbach

Prague, 20 March 2018



Dr. Maik Esser-Müllenbach



- studied economist (university diploma); doctoral thesis on international accounting for business combinations
- joined public sector at Germany's Federal Financial Supervisory Authority (BaFin), Division for large international Banking Groups
- joined Bundesrechnungshof (BRH) in 2011
- audit manager at BRH audit unit responsible for public debt management and financial market stabilisation
- subject matter expert for Board of Auditors of the European Stability Mechanism (ESM) in Luxembourg
- since 2016 head of backoffice/support UN Board of Auditors (BoA) and other international mandates, BRH UN BoA division



Agenda

1. Overview UN BoA
2. UN organizations audited by BRH
3. UN BoA division at BRH
4. Findings (case examples)



1. Overview UN BoA1/5

UN BoA

- Established by General Assembly in 1946.
- Three members, each appointed for six years, new Board member every two years.
- Each member must be Auditor General (or equivalent) of a UN Member State.
- UN BoA issues audit reports for 28 UN organizations and special projects.
- UN BoA is completely independent and solely responsible for conduct of audit.



1. Overview UN BoA 2/5

Members of UN BoA



**Professor Mussa Juma
Assad, Controller and Auditor
General of United Republic of
Tanzania**

Term expires 30 June 2018



**Mr. Rajiv Mehrishi, Chairman,
Comptroller and Auditor
General of India**

Term expires 30 June 2020



**Mr. Kay Scheller, President of
the German Federal Court of
Auditors**

Term expires 30 June 2022

Comptroller General of Chile becomes new member on 1 July 2018



1. Overview UN BoA 3/5

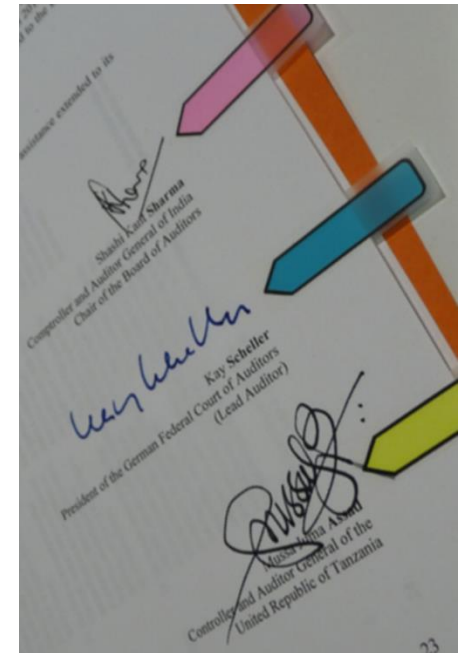
Audits performed by UN BoA

- UN organizations prepare IPSAS-compliant financial statements.
- Core responsibility of UN BoA is financial and compliance auditing.
- UN BoA conducts audits in accordance with International Standards on Auditing and UN Financial Regulations and Rules.
 - ➔ Audit Opinion in accordance with ISA 700
- Performance audits: UN BoA may make observations on efficiency of financial procedures, accounting system, internal financial controls and, in general, administration and management of the organization.



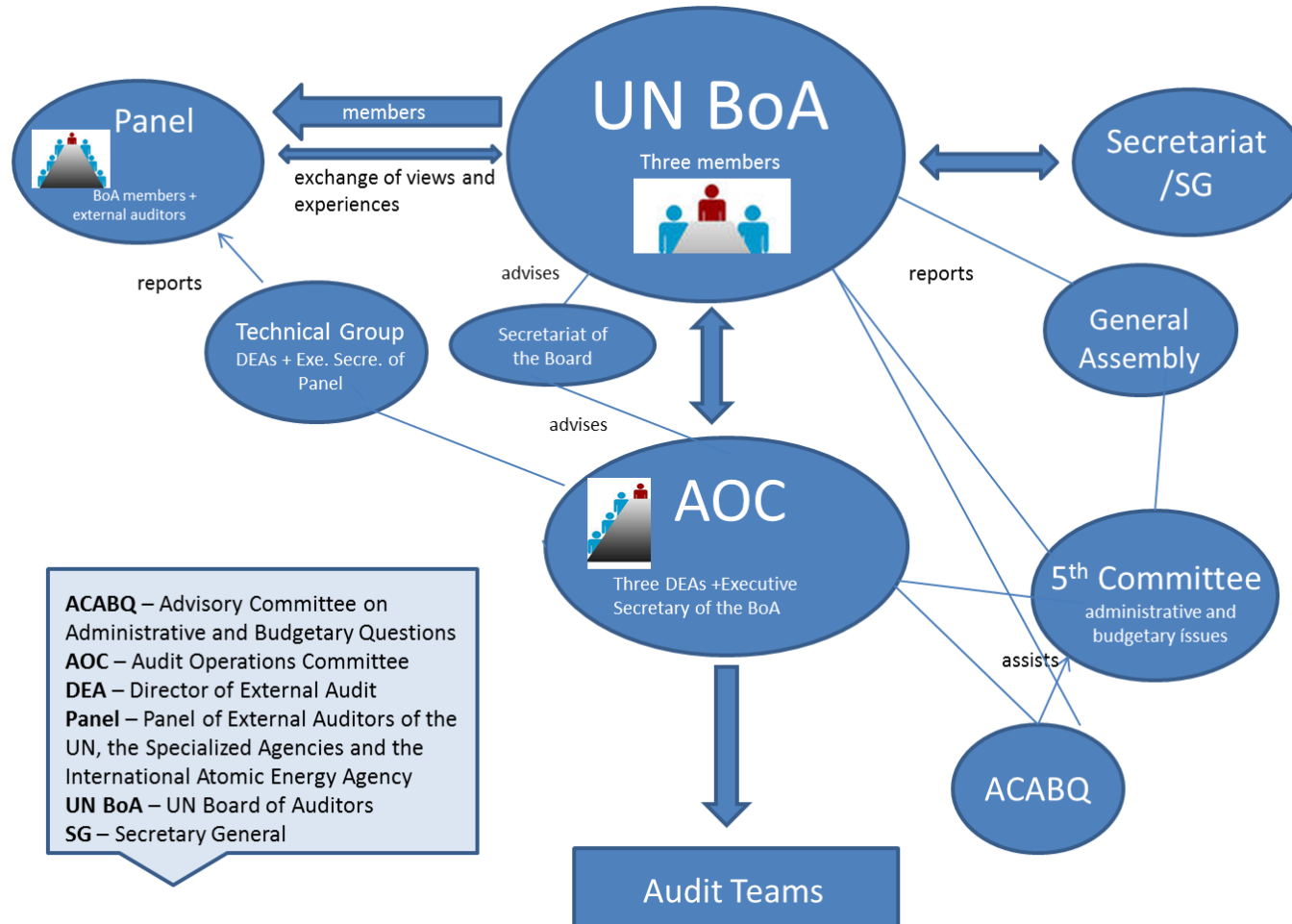
1. Overview UN BoA 4/5

- Results of performance audits are integrated with those of financial and compliance audits and are reflected in BoA's long-form reports.
- Reports are transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions (ACABQ).
- ACABQ may request UN BoA to perform specific examinations and issue separate reports on results.





1. Overview UN BoA 5/5

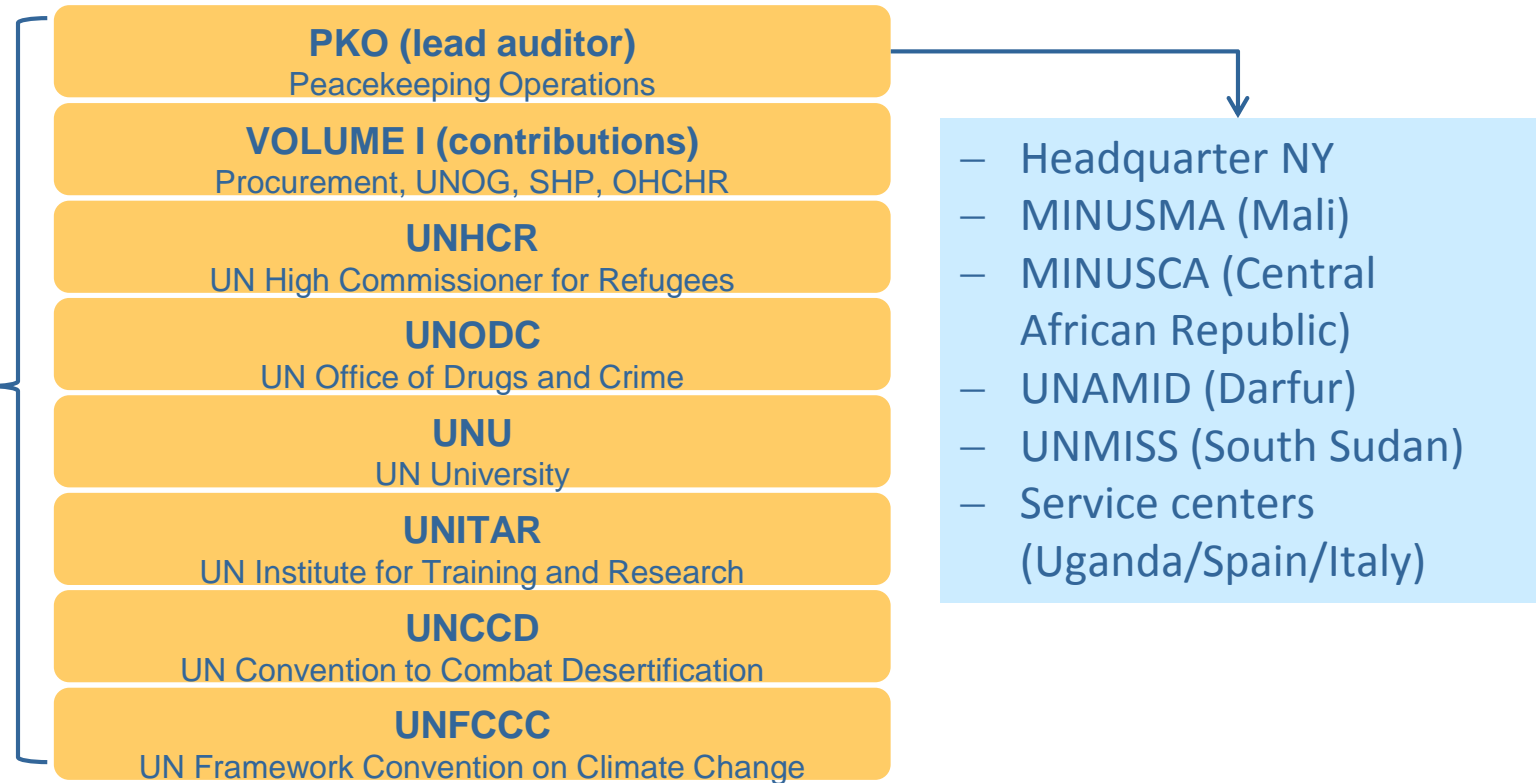




2. UN organizations audited by BRH 1/3

Organisations/projects currently audited by BRH

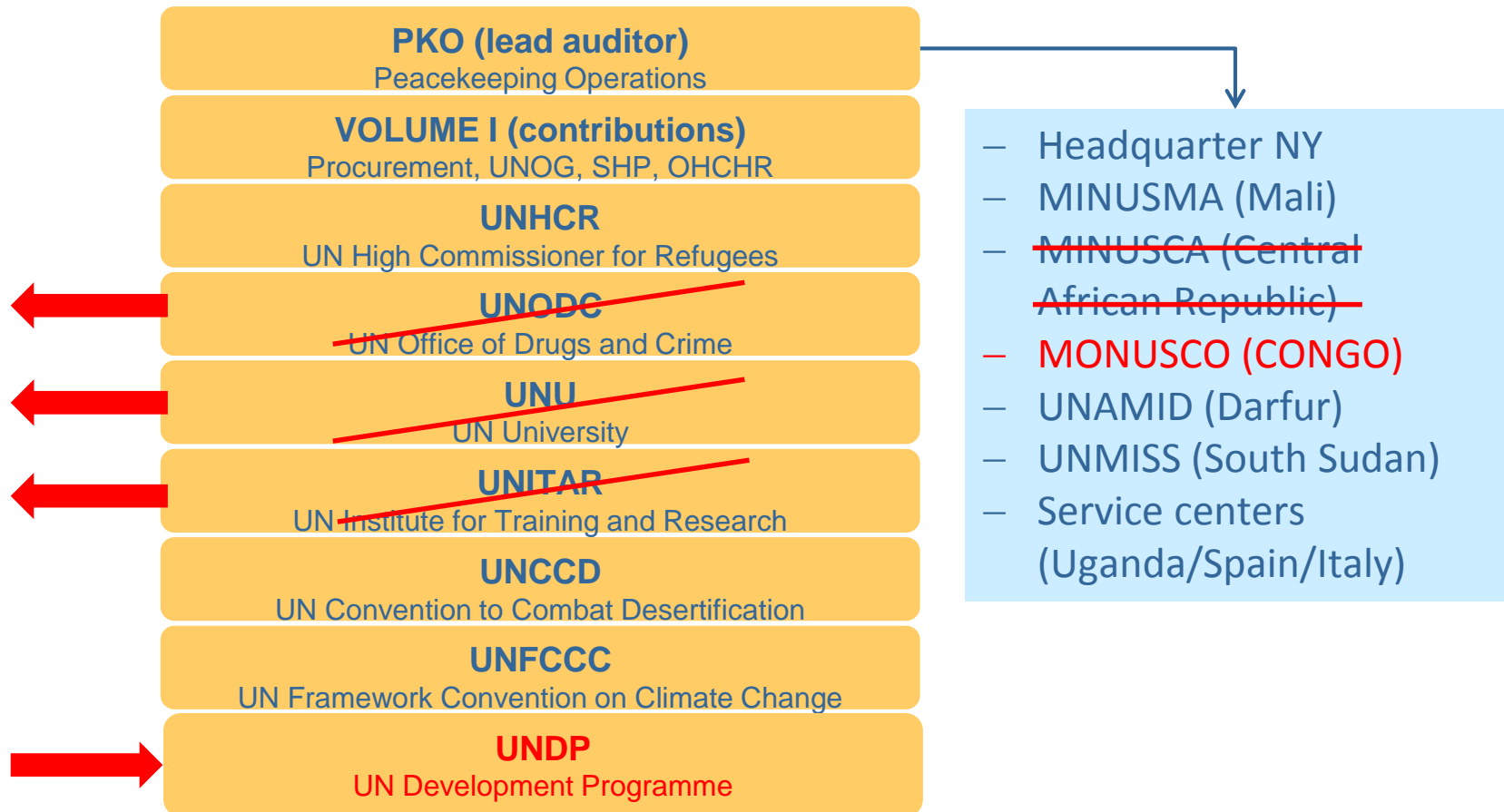
Expenses 9,5 bn USD





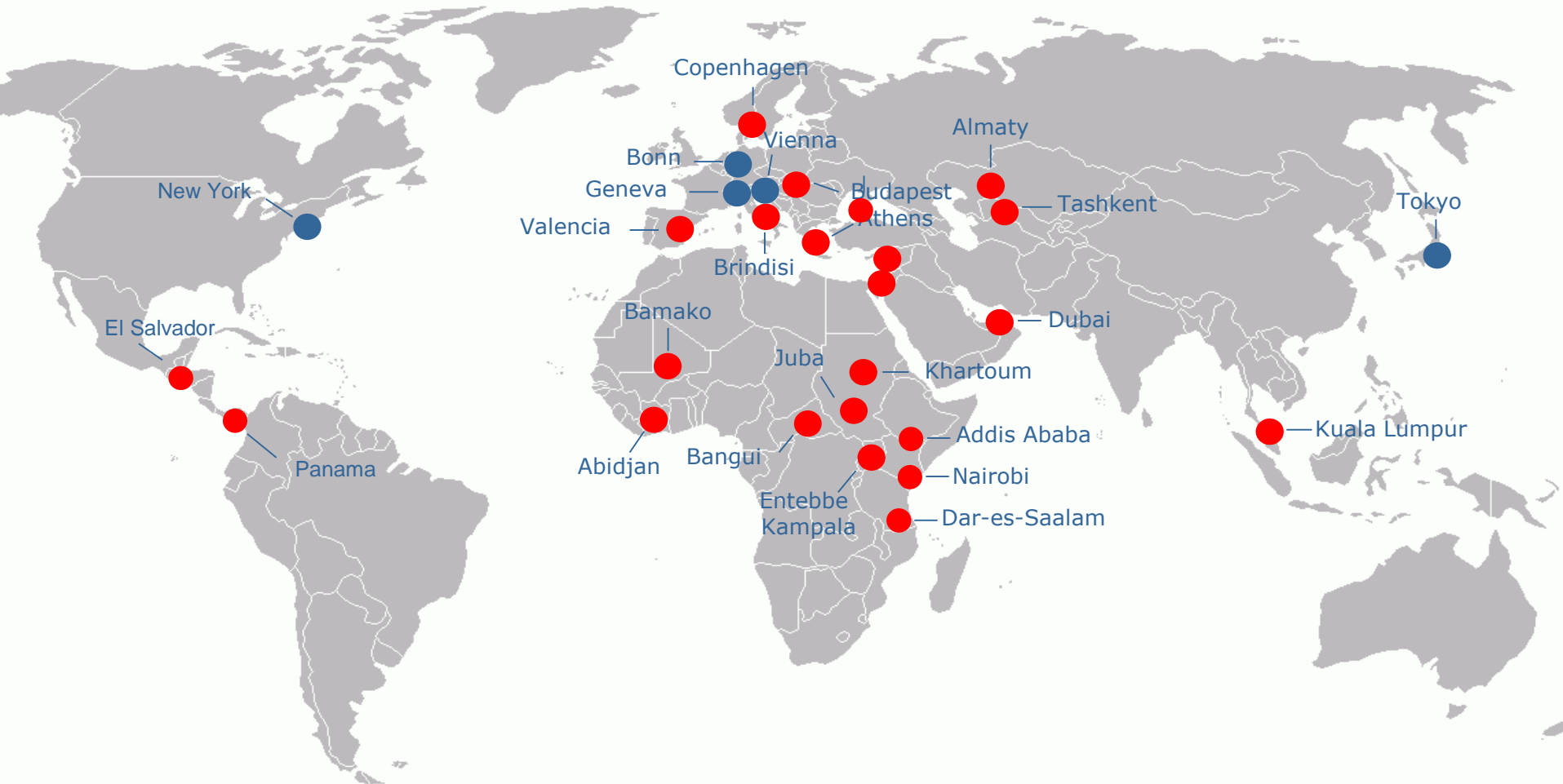
2. UN organizations audited by BRH 2/3

Changes becoming effective on 1 July 2018





2. UN organizations audited by BRH 3/3





3. UN BoA division at BRH 1/3

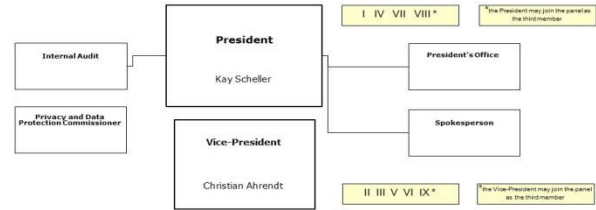
Organisation Chart of the Bundesrechnungshof

as of January 2017

Mailing address
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 Postfach 12 06 03
 53048 Bonn
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 0228 307 721-2990
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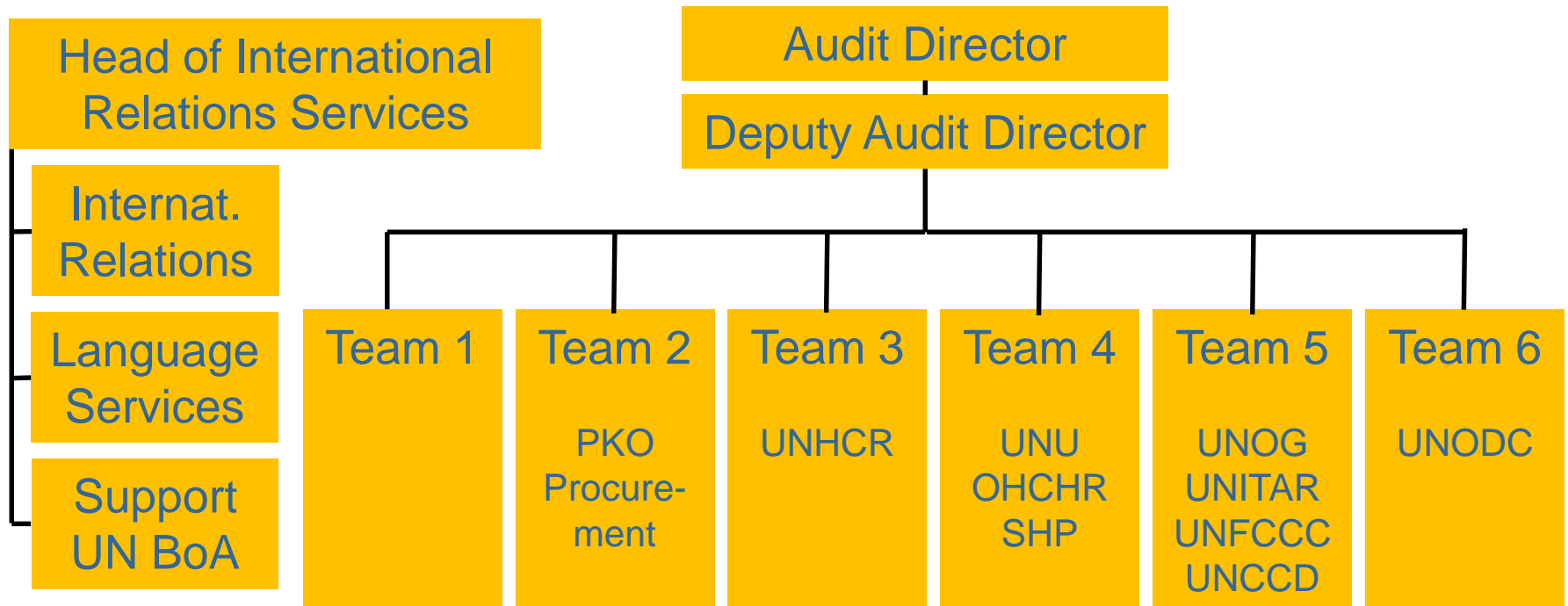


Support Division	UN Board of Auditors, international relations	Division I	Division II	Division III	Division IV	Division V	Division VI	Division VII	Division VIII	Division IX
Secretary General	Director of External Audit New York	Corporate services; constitutional bodies	Public works; environment; real estate; foreign affairs	National economy; research; food safety; federal shareholdings; banking institutions	Defence	Transport; infrastructure	Employment; social security; expenditure on staff	Home affairs; IT; organisational management	Federal Ministry of Finance; taxes; customs and EU	Public health; pensions; rehabilitation; long-term care insurance
Pr/Org-ID	International relations services International relations; language services; UN field back office; international audit mandates Bonn	Audit unit I 1 Reporting; corporate services; Public Accounts Committee	Audit unit II 1 Environment; nature conservation; building and nuclear safety	Audit unit III 1 Economy and energy guarantees	Audit unit IV 1 Civilian branches; budget issues; defence	Audit unit V 1 Transport and digital infrastructure	Audit unit VI 1 Federal Employment Agency (organisation/staff/budget); employment and social security	Audit unit VII 1 Federal Chancellery; cultural affairs; internal security; intelligence services	Audit unit VIII 1 Federal Ministry of Finance; EU matters	Audit unit IX 1 Statutory health insurance (benefits law); long-term care insurance; public health
Pr/P	UN Board of Auditors Team 1: Deputy Audit Director New York	Audit unit I 2 Financial rules and regulations; federal finances; organisational management of the German SAJ; federal Performance Commissioner support unit	Audit unit II 2 Foreign affairs; international organisations and institutions	Audit unit III 2 Education and research	Audit unit IV 2 Navy; Federal Office of Equipment; Information Technology and In-Service Support of the Federal Armed Forces	Audit unit V 2 Railway infrastructure	Audit unit VI 2 Family, senior citizens, women and youth; social support grants; social compensation	Audit unit VII 2 Home affairs	Audit unit VIII 2 Indirect taxes	Audit unit IX 2 Statutory pension benefits
Pr/R-H	UN Board of Auditors Team 2: Senior Audit Manager Potsdam	Audit unit I 3 Legislative bodies; Federal Press Office; political foundations; Budget Committee liaison	Audit unit II 3 Economic cooperation and development	Audit unit III 3 Food safety and agriculture	Audit unit IV 3 Cyber and information domain; information technology and communications of the Federal Armed Forces; joint support service	Audit unit V 3 Road works I	Audit unit VI 3 Jobseekers' pay for a living	Audit unit VII 3 IT consolidation; cyber network and digital broadcasting	Audit unit VIII 3 Direct taxes	Audit unit IX 3 Rehabilitation; social support grants
Pr/IT	UN Board of Auditors Team 3: Senior Audit Manager Bonn	Audit unit I 4 Federal debt; financial market stabilisation; accounting standards	Audit unit II 4 Public building construction	Audit unit III 4 Government shareholdings; public foundations; companies succeeding the traditional Post Office	Audit unit IV 4 Army; health services; defence vehicles; logistics	Audit unit V 4 Road works II	Audit unit VI 4 Employment promotion; wage compensation benefits and active participation in jobs	Audit unit VII 4 Information technology and communications services; IT security	Audit unit VIII 4 Procedural tax law; horizontal fiscal audit matters; Income Tax Act; child benefits	Audit unit IX 4 Social security accounting; statutory health insurance (financial management)
Pr/Presse	UN Board of Auditors Team 4: Senior Audit Manager Potsdam	Audit unit I 5 Office of Federal President; solicitor and consumer protection; Federal Constitutional Court; integrity; legislation and fees; legislative procedures	Audit unit II 5 Public building construction	Audit unit III 5 Banking institutions; off-budget funds	Audit unit IV 5 Air Force; aircraft; NATO; pricing law	Audit unit V 5 Infrastructure projects; performance studies; public contract awarding regulations	Audit unit VI 5 Staffing expenditure; civil service law; pay and pensions; health care benefits	Audit unit VII 5 (Government) organisational management	Audit unit VIII 5 Tax and customs administration; initiatives to combat illegal employment	Audit unit IX 5 Farmers' social security scheme; industrial injuries insurance; Federal Insurance Office
	UN Board of Auditors Team 5: Senior Audit Manager Bonn	Audit unit I 6 Annual audit of the Federal financial statements	Audit unit II 6 Federal buildings; organisations succeeding Treuhänderstatus; management of federal real estate; departmental governance; general administrative expenditure	Audit unit III 6 Deutsche Bahn AG; Federal Railway Assets Fund			Audit unit VI 6 Pay and employment law; travel expenses; human resources of government departments	Audit unit VII 6 Refugees and asylum seekers		



3. UN BoA division at BRH 2/3

Division UN Board of Auditors





3. UN BoA division at BRH 3/3

Staffing

- Strategy of permanent staffing.
- Senior audit managers assigned to each team.
- UN BoA division comprises mainly full-time posts completely assigned to BoA mandate.
- Additional temporary support from other divisions of BRH and from regional court of auditors (each 25 to 70 working days).
- Team has a broad variety of academic and professional backgrounds (economists, lawyers, engineers).



4. Findings (case examples) 1/11

- UN BoA's Audit Reports are publicly available
<http://www.un.org/en/auditors/board/auditors-reports.shtml>

The screenshot shows the United Nations Board of Auditors website. The header includes the UN logo and the text "UNITED NATIONS BOARD OF AUDITORS". Below the header, there is a navigation menu on the left and a main content area. The main content area is titled "Board of Auditors' Reports" and includes a note: "[Clicking on any of the links will open the document in PDF format]". A table lists reports from 2015 to 2016.

United Nations (UN)	
A/72/5(VOL.I) Corr.1	2016
A/72/5(VOL.I)	2016
A/71/5 (Vol.I)	2015

- findings on the following slides are case examples which illustrate the broad range of topics covered by UN BoA



4. Findings (case examples) 2/11

Report on United Nations Peacekeeping Operations (UNPKO), FS 2015/2016

“The actuary’s valuation of the employee benefits liabilities was erroneous and needed to be revised three times. In the financial statements submitted to the Board on 30 September 2016, the employee benefits liabilities were understated by \$440.1 million, leading to an overstatement of net assets of the same amount. In that context, the financial statements had to be revised and recertified twice as a result of the Board’s audit.”





4. Findings (case examples) 3/11

United Nations High Commissioner for Refugees (UNHCR), FS 2016

“UNHCR funds after-service health insurance liabilities by charging 3 per cent of the net base salary of all Professional and relevant General Service staff. ... UNHCR currently applies an investment strategy with a maximum term of investment of up to one year. However, the Board pointed out that the after-service health insurance liabilities had a long-term maturity and therefore alternative investment options for the best use of assets funding the Office’s long-term liabilities might be considered in addition.”





4. Findings (case examples) 4/11

United Nations University (UNU), FS 2016

“UNU did not account for an impairment loss of \$11.125 million in voluntary contributions receivable. Pursuant to the Board’s recommendation, the impairment loss was eventually recognized, which led to the recertification of the financial statements.”





4. Findings (case examples) 5/11

United Nations Institute for Training and Research (UNITAR), FS 2016

“UNITAR has not adopted the accessibility policy promulgated by the General Assembly and the Secretary-General aimed at better inclusion in the workplace of persons with disabilities. UNITAR argued that this policy was not applicable to it and, moreover, resources to implement adequate measures were lacking. ... UNITAR could and should do more by examining measures that are suitable to create a non-discriminatory and inclusive working environment. This includes the formulation of vacancy announcements and accessibility of the Institute’s premises.”



4. Findings (case examples) 6/11

United Nations Framework Convention on Climate Change (UNFCCC), FS 2016

“The Board noted differences in the treatment of the Board’s report in comparison to other United Nations entities, although comparable rules apply. In particular, the audited financial statements are presented to the Conference of Parties where the Board is not represented.”





4. Findings (case examples) 7/11

United Nations Convention to Combat Desertification (UNCCD), FS 2016

“Implementation of IPSAS and issues in the financial statements... The Board found several technical and format related weaknesses such as wording, presentation of figures and other explanations which had to be corrected, amended and/or adequately clarified. Furthermore, UNCCD did not group classifications and sub-classifications consistently and had to reclassify expenses related to consultancies in the amount of \$3.6 million.”





4. Findings (case examples) 8/11

United Nations Office on Drugs and Crime (UNODC), FS 2016

“The Board noted that UNODC did not officially introduce focal points for those Sustainable Development Goals that were of importance to the field offices. The Board holds that a clear structure would accelerate the exchange of information between UNODC headquarters and field offices. In addition, there was no comprehensive and integrated approach on the implementation support of the Goals. The Board considers it necessary to develop a complete draft and long-term strategy for implementing the 2030 Agenda for Sustainable Development.”





4. Findings (case examples) 9/11

Procurement (contribution to Volume I, FS 2016)

„The Board holds that procurement authority was not delegated in a structured and well-organized manner and is driven more by tradition than by substantive requirements. As a result, the organization and structure of procurement authority was fragmented and responsibilities and accountability were not clearly defined.”





4. Findings (case examples) 10/11

UNOG (contribution to Volume I), FS 2016

„While the certifying responsibility for accounts and the budget responsibility lay within the same entity, the Board noted that the role of the United Nations Office at Geneva is complex since the Office acts as an umbrella for many entities in Geneva. Given the absence of formal descriptions of functions and organizations, this might interfere with the principle of effective and efficient financial management in accordance with the Financial Regulations and Rules. The Board considers it important that the role and responsibilities of the United Nations Office at Geneva be clearly laid down and formally documented.”





4. Findings (case examples) 11/11

Strategic Heritage Plan (contribution to Volume I, FS 2016)

„Deliverables targeted for completion in 2016 have not been fully achieved. The project has experienced delays with regard to the scheduled contract signatures for the enabling works package and the construction work package for the new permanent building. Consequently, the start of the works has been delayed.”





Questions?
Thank you for your attention!