

United Nations Secretariat*

Statement on internal control

Scope of responsibility

1. As Secretary-General of the United Nations, I am accountable for the administration of the Organization and the implementation of its mandates, programmes and other activities and for maintaining a system of internal control designed to provide reasonable, but not absolute, assurance of the achievement of objectives in the forms of reliable financial and non-financial reporting, effective and efficient operations and compliance with regulations, rules and policies, including with regard to preventing and detecting fraudulent acts. As part of my reform agenda, I have delegated authority to heads of entities to manage human, financial and physical resources under the Staff Regulations and Rules and the Financial Regulations and Rules of the United Nations. Furthermore, every individual in the Organization has, to varying degrees of responsibility, duties to perform regarding internal controls under those regulations and rules.

Responsibility for internal controls

2. Internal controls are designed to reduce and manage, rather than eliminate, the risk of failure to achieve the Organization's objectives. Internal control is a process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. Internal control is a key role of management and an integral part of the overall process of managing operations. As such, United Nations Secretariat management at all levels has the responsibility to:

- Establish an environment and culture that promotes effective internal control
- Identify and assess risks that may affect the achievement of objectives, including the risk of fraud and corruption
- Specify and implement policies, plans, operating standards, procedures, systems and other control activities to manage the risks associated with any risk exposure identified
- Ensure an effective flow of information and communication so that all United Nations personnel have the information they need to fulfil their responsibilities
- Monitor the effectiveness of the internal control system

3. The United Nations Secretariat's internal control system operates continuously at all levels of the Organization through control processes established to ensure that objectives are accomplished.

* In this context, the Secretariat includes peacekeeping missions and non-peacekeeping entities, including the United Nations Environment Programme, the United Nations Human Settlements Programme, the United Nations Office on Drugs and Crime and the International Residual Mechanism for Criminal Tribunals.

United Nations Secretariat operating environment

4. The United Nations Secretariat operates globally, sometimes in very challenging environments, and is therefore exposed to situations with a high level of inherent risk. The security situation in each country in which the Secretariat operates is closely monitored. Strategic decisions are taken, where necessary, to adapt operations and to manage and mitigate the risks to which its personnel are exposed. In addition, the Organization faces a considerable level of risk owing to the complexities of its operations and the scope of its mandates. All significant risks at the Secretariat level are captured in a formal risk register, which is subject to regular review by senior managers and internal and external auditors.

Internal control system and risk management

5. The United Nations Secretariat's **internal control system** is composed of regulations, rules, administrative issuances, policies, processes and procedures with which staff members are obliged to comply. It is designed to provide reasonable assurance regarding the achievement of Organizational objectives, reliable financial and non-financial reporting, effective and efficient operations and compliance with the regulatory framework, including preventing and detecting fraudulent acts. The internal control system of the United Nations is consistent with criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, also referred to as the COSO Internal Control – Integrated Framework (2013).

6. The Organization's enterprise risk management and internal control policy ([A/66/692](#), annex), which was approved by the Management Committee in May 2011, defines a consistent methodology for assessing, treating, monitoring and communicating risks. The framework is designed to address both the strategic risks associated with the execution of the mandates and objectives as defined in the Charter of the United Nations and as specified by the principal organs of the United Nations, as well as the risks inherent in the daily operations that support the achievement of those mandates.

7. In 2014, the Secretary-General approved an enterprise-wide **risk register** as the instrument which summarizes the most significant strategic risks for the entire Secretariat, and the related governance structure to support the implementation process.

8. In 2016, the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat ([ST/IC/2016/25](#)) was introduced to provide guidance and information to staff members and other Secretariat personnel on how the Secretariat acts to prevent, detect, deter, respond to and report on fraud and corruption. The Secretariat takes a zero-tolerance approach towards fraud and corruption.

9. Following a dedicated risk assessment at its meeting in 2018, the Management Committee endorsed a focused **Fraud and Corruption Risk Register** for the Secretariat. To further strengthen its anti-fraud and anti-corruption efforts, the Secretariat published the Handbook on Fraud and Corruption Awareness for staff following extensive consultations with relevant Secretariat entities. The Handbook was issued on International Anti-Corruption Day on 9 December 2022. A fraud and corruption awareness strategy, instrumental in preventing, detecting and responding to fraud in the Secretariat and in promoting a robust anti-fraud and anti-corruption culture, was also formally defined and endorsed by the Management Committee.

10. A new **Secretariat-wide risk assessment** was finalized in 2020 and endorsed by the Management Committee. The resulting risk register, which is reviewed periodically, includes risk definitions, a full analysis of key risk drivers, a description of the controls already established by management and an outline of potential risk response strategies. As part of the risk assessment, each risk was scored in terms of likelihood and impact (risk exposure). Following an evaluation of the effectiveness of the controls in place to mitigate the given risk, the level of residual risk was determined as the starting point for defining the appropriate risk treatment response. The Secretariat-wide risk treatment response plans were assessed on a quarterly basis by the enterprise risk management task force, which, in turn, provided updates to the Management Committee. The Secretariat-wide risk register is currently being revised and will inform future statements on internal control.

Review of the effectiveness of internal controls

11. The review of the effectiveness of the Secretariat's system of internal control is based on the following:

(a) The **internal control self-assessment questionnaire and assurance statement**, as completed and submitted by heads of entities. The questionnaire was used by each entity to review all key controls and rate compliance. Heads of entities supported their responses with evidence and actions taken or planned. The results of the self-assessment exercise were reviewed carefully, control measures were adapted as required, and action plans were developed to address areas for improvement, where applicable;

(b) An analysis of various **key performance indicators** on internal controls as issued by the Department of Operational Support and the Department of Management Strategy, Policy and Compliance. Within the latter, the Business Transformation and Accountability Division has been conducting regular and systematic monitoring of performance against the key performance indicators of the delegation of authority framework and other mechanisms. Moreover, the **management dashboards** provide real-time business data from Umoja (the enterprise resource planning system) and other enterprise systems, together with trend analyses and other analytical reports to senior management, the Management Committee and the United Nations oversight bodies;

(c) Recommendations issued by the **Office of Internal Oversight Services, the Joint Inspection Unit and the Board of Auditors**. These recommendations provide objective information on compliance and control effectiveness.

Status of internal control issues in 2022

12. The responses provided by heads of entities to the 2022 self-assessment questionnaire represent an integral part of evaluating the effectiveness of and compliance of each entity with the United Nations Secretariat internal control framework, as adapted to the COSO Internal Control – Integrated Framework (2013).¹ On the basis of the questionnaire and key performance indicators, as well as recommendations of internal and external oversight bodies, heads of entities provided assurance on the efficacy of the internal controls in the areas under their responsibility.

¹ A significant deficiency exists in the system of internal control when management determines that a component and one or more relevant principles are not present or functioning or that components are not operating together.

13. Through the mechanisms described above, seven issues from the 2021 statement on internal control were carried over for further improvement in the context of the 2022 exercise:

(a) *Implementation of property management processes, relating to a lengthy property disposal process and a large quantity of unused property.* Efforts continue to be made to strengthen end-to-end processes for the management of property, including by enhancing systems and accessibility, implementing quality control measures and increasing awareness of financial and management reporting through training. With most restrictions on the movement of staff lifted by local governments at the tail end of the coronavirus disease (COVID-19) pandemic, full physical verification activities resumed, with year-on-year improvements to physical verification coverage of capitalized property and inventories. Additionally, the net book value of property in the disposal backlog and the percentage of ageing stock decreased. The property management framework and the supply chain performance management framework remain essential in governing the management and control of the Organization's property. The implementation of those frameworks was further strengthened through the development of guidance on the application of rules and processes for the disposal of property. Moreover, the governance of the material master catalogue that drives serialization and the capitalization of the profiles of all equipment was strengthened through the development of guidelines. Finally, to ensure the accuracy, accessibility and transparency of property records, additional checks were incorporated into online reports. Collectively, those improvements to the property management framework further integrate upstream and downstream processes while strengthening internal controls;

(b) *Adherence to the policy of advance purchase of tickets.* In the second quarter of 2022, the volume of travel gradually returned to pre-pandemic levels, and compliance with the 16-day advance purchase policy directive improved modestly throughout the year. Efforts continue to be made to use travel resources in a cost-effective manner, including through top-down communication on increasing awareness of and compliance with the policy and seeking alternative methods to travel for mandate implementation. The use of analytical tools to measure progress continues, including the accountability indicator monitoring dashboard and quarterly key performance indicator reports made available by the Business Transformation and Accountability Division, as well as the Department of Operational Support's travel statistics dashboard, which visualizes the travel-processing workflow history for entities to pinpoint delays;

(c) *Implementation of human resources processes relating to talent acquisition.* Efforts are under way to implement the decisions made by the General Assembly in its resolution [77/278](#). The Department of Management Strategy, Policy and Compliance is leading work towards implementing the staff selection 2.0 programme to enable the Organization to better identify, attract and acquire diverse talent in an efficient and fair manner to effectively deliver on its mandated activities and achieve gender and geographical representation among staff. In addition to iterative improvements to the recruitment module of Inspira, to further improve recruitment timelines, the Organization is engaging with client entities with long selection timelines to further understand and address the root causes of delays and explore potential solutions. Finally, the completeness of reported exceptions to administrative instructions on human resources and submission delays will continue to be addressed through enhanced guidance, the availability of data and regular follow-up with entities to further strengthen compliance;

(d) *Implementation of 10 principles on personal data protection and privacy, adopted by the High-Level Committee on Management in 2018.* The Organization needs to strengthen data protection and privacy, and ensure the responsible flow, use

and sharing of personal data by Secretariat entities in support of mandates. As part of this effort, I am proposing, for approval by the General Assembly, the establishment of a data protection and privacy office to provide effective oversight, coordination and guidance on data protection and privacy management. In addition, the draft policy on data protection and privacy is in the process of being finalized and will be accompanied by the mechanisms necessary to ensure effective implementation, oversight and accountability. Heads of Secretariat entities, as data stewards, will be responsible for ensuring that data are handled in accordance with the regulatory requirements on data protection and privacy. The Office of Information and Communications Technology will be responsible for setting and approving data protection and privacy technical safeguards for the Secretariat. It will also adopt technical procedures to prevent and mitigate data breaches in information systems, while data stewards will be responsible for notifying data subjects, when appropriate, of any data breach and of the mitigation measures adopted. The policy is expected to be issued in 2024;

(e) *Monitoring and evaluation of programme and project implementation.* Efforts continue to be made to strengthen the focus on improving delivering on results. In 2022, Secretariat entities widely used the strategic management application (SMA) to report on deliverables and results throughout the budget cycles, thus providing managers with the ability to more effectively monitor the implementation of their respective programmes. Efforts are being made to improve the utilization of the integrated planning, management and reporting (IPMR) solution for a more granular tracking of projects funded by voluntary contributions. Additionally, the roll-out in 2023 of the integrated project manager's dashboard is expected to strengthen accountability by increasing the visibility of linkages between substantive results and financial data, which will strengthen the Organization's ability to deliver more effectively and efficiently. Finally, an integral part of strengthening programme delivery is fostering a culture of internal evaluation across Secretariat entities. The Business Transformation and Accountability Division is leading the revision of the administrative instruction on evaluation in the United Nations Secretariat (ST/AI/2021/3) to enable all entities to develop evaluation activities irrespective of their size, capacity and mandate. The Division and the Office of Internal Oversight Services jointly trained and provided support to 300 staff from 61 entities on policy development, internal evaluation structure and planning, the development of terms of reference and understanding of the United Nations Evaluation Group's norms and standards. In addition, one-on-one consultations were held to review entities' internal evaluation policies, and measures were put in place to facilitate the recruitment of specialized consultants. Efforts to provide tailored support and customized guidance on conducting internal evaluations will continue;

(f) *Management of workplace conduct and discipline.* Progress has been made on conduct and disciplinary issues and the Secretariat continues to foster a culture of responsibility, accountability and personal integrity. Regular capacity-building is provided to conduct and discipline teams in peace operations and conduct and discipline focal points in other Secretariat entities on the methodology and use of the misconduct risk management tools of the Department of Management Strategy, Policy and Compliance, the key deliverables of which are risk registers and workplans. Other practical tools geared towards managing risks and reporting misconduct, such as the Handbook on Fraud and Corruption Awareness, help entities manage risks consistently throughout the Secretariat. In addition, I am committed to continuing to strengthen the investigation and reporting of all cases of misconduct, including cases of sexual exploitation and abuse, and fraud. I encourage senior leaders to ensure that all allegations are documented in the Case Management Tracking System, and that every effort is made to complete investigations under their authority in a timely manner;

(g) *Cybersecurity*. The potential consequences of a weak cybersecurity posture go beyond the disruption of information and communications technology infrastructure and systems and cannot be measured solely by the volume of data and the number of user accounts that are compromised as a result of cyberattacks. Rather, the potential consequences of weak cybersecurity can directly have an impact on the ability of the United Nations to deliver on its mandates and on the Organization's credibility, and can potentially have an impact on the safety and security of United Nations personnel and beneficiaries. Building on the previous action plan endorsed by the General Assembly and subsequent lessons learned, the Office of Information and Communications Technology developed a comprehensive proposal for cybersecurity initiatives to address the significant risks that continue to exist. The proposal to address cybersecurity risks that the United Nations faces was submitted as part of my proposed capital investment plan (A/77/519), the consideration of which has been deferred to the seventy-eighth session of the General Assembly. In the meantime, the Office of Information and Communications Technology continues to implement improvements where possible, with a focus on addressing the most urgent needs.

14. In addition, one new area in which there is opportunity for improvement was identified:

Implementation of recommendations of the Office of Internal Oversight Services. The long-term implementation rate of recommendations made by the Office of Internal Oversight Services remains high overall. Recommendations should not just be implemented but should also be implemented in a timely manner to make sure that control weaknesses are addressed and opportunities to improve performance seized. Although the overall number of overdue recommendations rose in 2022, the proportion of recommendations that were overdue by more than 12 months decreased. Efforts are under way not only to support entities concerned in ensuring that the associated risks are being adequately managed, either through the full and timely implementation of recommendations or through closing recommendations in combination with other appropriate actions, but also to reflect the results of those actions in the Organization's risk management processes.

15. Finally, one issue previously identified is deemed to have reached an adequate level of maturity and therefore no longer present significant risks to the achievement of the Organization's objectives:

Development and maintenance of risk registers approved by the risk management committee and/or head of entity. The implementation of enterprise risk management at all levels of the Secretariat remains a critical element of my vision for a more efficient and effective Organization. At the corporate level, a risk management policy, methodology and governance have been successfully established and implemented. Entities have continued to implement a structured approach to the management of risks. While some entities that play a role in setting strategic priorities for the Organization are still finalizing their risk registers, it is noted that the heads of those entities led the working groups falling under their responsibility as owners of specific very high risks in the Secretariat-wide risk register. It is also noted that the overall number of entities that already maintain their own risk register has exceeded the expectations set in the benefits tracker available at reform.un.org. As at 31 December 2022, most of the entities had already established an enterprise risk management process. Efforts continue to embed risk management in strategic and operational decision-making processes.

Statement

16. All internal controls have inherent limitations – including the possibility of circumvention – and therefore can provide only reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. Furthermore, because conditions are dynamic, the effectiveness of internal controls may vary over time.

17. Based on the above, I consider, to the best of my knowledge and information, that the United Nations Secretariat operated under an effective system of internal control during 2022, consistent with the foregoing and with the COSO Internal Control – Integrated Framework (2013).

18. The United Nations Secretariat is committed to addressing the internal control and risk management issues identified above as part of the continuous improvement of its internal controls.

(Signed) António **Guterres**
Secretary-General
New York, 26 June 2023
