

United Nations Secretariat*

Statement on internal control

Scope of responsibility

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 controls 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

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

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

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 the internal and external auditors.

Internal control system and risk management

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).

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. The framework defines a flexible methodology that is fully compatible with the different risk management practices already adopted by the Organization.

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.

Combating fraud and corruption in the United Nations Secretariat is a primary responsibility of all United Nations staff, including management, and of others with whom the Secretariat engages (such as contractors). 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 United Nations 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.

Following a dedicated risk assessment at its meeting of 28 February 2018, the Management Committee endorsed a focused **Fraud and Corruption Risk Register** for the Secretariat.

A new **Secretariat-wide risk assessment** was carried out in 2019. The resulting risk register 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 the risk 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.

Review of the effectiveness of internal controls

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**, 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 progress towards the key performance indicators identified in the senior managers' compacts. 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.

Internal control issues arising during 2020

The responses provided by heads of entities to the 2020 self-assessment questionnaires represent an integral part of evaluating the effectiveness 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 self-assessment 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. No significant control issues were identified; however, opportunities for improvement were identified in some areas.

The areas identified through the mechanisms described above in which there is opportunity for further improvement relate broadly to:

(a) *Implementation of property management processes, relating to a lengthy property disposal process and a large quantity of unused property.* The successful implementation of a disposal process is dependent on various factors, not all of which

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.

are under the control of the Organization, such as the security situation on the ground, the level of support by local governments as well as market demand and local administrative requirements. Similarly, entities operating in challenging environments, such as peacekeeping operations and special political missions, may at times hold property in stock for the replacement of critical items owing to lengthy procurement lead times and the unavailability of items in the local market. In addition, the coronavirus disease (COVID-19) pandemic and the downsizing and pre-liquidation activities of peacekeeping missions may have resulted in a large backlog of disposal cases. The Secretary-General continues to place emphasis on the efficient use of resources, including property, as demonstrated by the inclusion of the property management performance index in the results-based budgeting framework for peacekeeping missions, as well as the roll-out of the performance management framework for all entities as of 2020;

(b) *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 the vision of the Secretary-General for a more efficient and effective Organization. Significant progress has been made during the year and will continue to be made as more and more entities are supported in their efforts to fully embed a structured approach to enterprise risk management in the management of their operations;

(c) *Adherence to the policy of advance purchase of tickets.* The Secretary-General continues his efforts to use travel resources in a cost-effective manner. Efforts continued in 2020 to enhance the rate of compliance with the advance purchase policy directive, particularly through the use of analytical tools. Such tools include an online management dashboard that provides managers with an improved, visually illustrative presentation of advance purchase statistics and quarterly key performance indicator reports made available by the Business Transformation and Accountability Division, which continues to strengthen its monitoring through increased follow-up and escalation to the heads of entities. The impact of these actions is reflected in an upward trend in the compliance rate in comparison with previous years;

(d) *Implementation of human resources processes relating to talent acquisition and learning and skills development.* The Secretary-General is committed to the continued strengthening of a recruitment framework that enables the Organization to identify, attract and acquire diverse talent on a wide geographical basis in a fast, efficient, fair and professional manner to effectively deliver on mandated activities. External factors, notably the COVID-19 pandemic and the liquidity challenges faced by the Organization, had an impact on achieving the recruitment target in 2020. The measures implemented by the Secretary-General as part of his human resources management reforms have led, and will continue to lead, to further reductions in the recruitment timeline beyond 2020, building on the positive trend experienced in the past five years. With regard to learning and skills development, the Secretariat's online mandatory training programme for staff is being revised both by reducing the number of mandatory training courses and by upgrading the content to comply with the latest technical, design, multilingualism and accessibility standards. Significant progress is expected by the end of 2021;

(e) *Implementation of 10 principles on personal data protection and privacy.* The Organization is currently finalizing its policy on data privacy and protection, which will be followed by a comprehensive privacy and protection programme. As part of the programme, the Office of Information and Communications Technology will be responsible for setting and approving data protection and privacy technical control standards for the Secretariat. The relevant data controller(s) will be responsible for embedding the approved data protection and privacy controls within the corresponding systems;

(f) *Monitoring, evaluation and oversight of implementing partners.* The Secretary-General continues to strengthen the management and monitoring of implementing partnership arrangements to ensure the delivery of the agreed activities and deliverables by providing better tools to programme managers so they can monitor and report on projects entrusted to partners. In his tenth progress report on accountability ([A/75/686](#)), the Secretary-General commits to updating the guidelines for implementing partners, which will outline reporting and performance monitoring and assurance activities to be performed during project implementation. The Secretary-General is continuing efforts to ensure that adequate systems are in place to allow for the sharing and use of performance evaluations.

Statement

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.

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 2020, consistent with the foregoing and with the COSO Internal Control – Integrated Framework (2013).

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 May 2021
