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COMITÉ EXÉCUTIF
DU FONDS MULTILATÉRAL AUX FINS
D'APPLICATION DU PROTOCOLE DE MONTRÉAL

Quatre-vingt-huitième réunion
Montréal, 15 – 19 novembre 2021¹

Addendum

ACTIVITÉS DU SECRÉTARIAT

Audit du Fonds multilatéral par le Bureau des services de contrôle interne (BSCI)

Historique

1. Dans le cadre des procédures standard de sortie mises en place par les deux anciens Chefs du Secrétariat du Fonds multilatéral, le Chef du Secrétariat a demandé au PNUE de mener, avant son départ à la retraite, un audit du Secrétariat du Fonds, dans son rôle de facilitateur des travaux du Comité Exécutif. Donnant suite à cette demande, le Bureau des services de contrôle interne (BSCI) a mené un audit du Secrétariat du Fonds multilatéral aux fins d'application du Protocole de Montréal (« le Secrétariat du Fonds »), couvrant la période de janvier 2018 à décembre 2020. L'audit avait pour objet, selon le BSCI, d'évaluer l'adéquation et l'efficacité de l'administration, de la gestion des risques et des procédures de contrôle aux fins de la prestation des services du Secrétariat du Fonds. Il couvre les domaines à risque relevant de la planification stratégique, de la gestion des performances et de la gestion financière.

2. L'audit a été menée de janvier à mai 2021. La méthodologie appliquée comprenait des entrevues avec le personnel clé; l'étude des documents pertinents; l'examen analytique des données de Umoja;² et la vérification d'échantillons de transactions. En raison des restrictions imposées par la pandémie de COVID-19, l'équipe d'audit n'a pas été en mesure de se rendre à Montréal (Canada), le siège du Secrétariat du Fonds. L'équipe s'était donc basée sur les informations et les documents fournis par le Secrétariat du Fonds, en plus des données d'Umoja, et d'un certain nombre de rencontres en ligne. L'audit a été effectué en conformité aux Normes internationales pour la pratique professionnelle de l'audit interne.

¹ Des réunions en ligne et un processus d'approbation intersessions se tiendront en novembre et décembre 2021 à cause du coronavirus (COVID-19)

² Le Système de planification des ressources de l'entreprise des Nations Unies.

Résultats de l'audit

3. À l'issue de l'audit, le BSCI a formulé les six recommandations ci-après, classées comme « importantes »,³ qui devraient être abordées par le Secrétariat du Fonds (cinq recommandations) et par le PNUE en sa qualité de Trésorier du Fonds multilatéral (une recommandation):

- (a) Appeler à l'attention du Comité Exécutif la nécessité de renforcer davantage les indicateurs de performance qui mesurent la réalisation des objectifs de ses activités visant la parité homme-femme;
- (b) Appeler à l'attention du Comité Exécutif la nécessité d'établir un cadre de gestion des risques d'entreprise aux fins d'une plus grande efficacité dans l'identification, l'évaluation et la gestion des risques;
- (c) Appeler à l'attention du Comité Exécutif la nécessité d'une analyse plus efficace des causes fondamentales des retards dans la mise en œuvre des projets, et de prendre des mesures correctives pour régler les problèmes systémiques;
- (d) Rappeler aux agences d'exécution d'assurer la conformité aux décisions du Comité Exécutif sur l'achèvement des projets et les comptes rendus;
- (e) Exécuter des plans d'action pour régler les retards dans la clôture financière des projets dépassant la limite des douze mois stipulée par le Comité Exécutif; et
- (f) Établir un plan d'action pour examiner les avances de longue date du Fonds multilatéral aux fins d'application du Protocole de Montréal et les résoudre.

4. Après un examen détaillé des recommandations et à l'issue d'autres discussions avec l'équipe d'audit, le Chef du Secrétariat a accepté, au nom du Secrétariat du Fonds, les recommandations des vérificateurs, formulé des observations et indiqué que les six recommandations recevront une suite d'ici au 31 décembre 2021.

5. Le rapport de l'Audit du Secrétariat du Programme des Nations Unies pour l'environnement pour le Fonds multilatéral aux fins d'application du Protocole de Montréal est présenté ci-joint au présent document.

Mesures prises pour donner suite aux recommandations de l'audit

6. Le Tableau 1 présente, pour chacune des six recommandations, des observations du Secrétariat du Fonds (pour les recommandations 1 à 5) et du Trésorier (pour la recommandation 6) adressées au BSCI, ainsi que les mesures prises depuis la fin de l'audit, avec les dates correspondantes. Conformément aux procédures établies, le Secrétariat du Fonds avisera le PNUE de l'application des recommandations pour que celui-ci demande formellement leur clôture au Selon BSCI.

Tableau 1. Observations et suite donnée aux recommandations du rapport du BSCI

Recommandation	Observations et suite donnée
<i>1. Le Secrétariat du Fonds devrait appeler à l'attention du Comité</i>	Durant la période de l'audit, le Secrétariat du Fonds a informé les vérificateurs que la politique d'égalité des sexes dans les projets appuyés

³ Selon la classification du BSCI, les « recommandations importantes » couvrent les problèmes de risques qui appellent une attention rapide de l'administration; l'absence de mesures risque d'entraîner des incidences néfastes sérieuses ou modérées pour l'Organisation. Les « recommandations critiques » visent les problèmes de risque qui appellent une attention immédiate de l'administration; l'absence de mesures risque d'entraîner des incidences néfastes critiques ou importantes pour l'Organisation.

Recommandation	Observations et suite donnée
<p><i>Exécutif la nécessité de renforcer davantage les indicateurs de performance qui mesurent la réalisation des objectifs de ses activités visant la parité homme-femme.</i></p>	<p>par le Fonds multilatéral a été approuvée par le Comité Exécutif à sa 84^e réunion. Immédiatement après l'adoption de la politique, tous les projets soumis à partir de la 85^e réunion incluaient une mention de l'application de la politique de la parité homme-femme, incluant dans plusieurs cas des indicateurs et les résultats des activités proposées, ainsi que les réalisations conformes à ladite politique. Ayant examiné les informations communiquées, les vérificateurs les ont jugées pertinentes à l'application de la Recommandation 1 dans leur rapport.</p> <p>Le 12 novembre 2021, eu égard à la Recommandation 1, le Secrétariat du Fonds a envoyé une communication officielle aux agences bilatérales et d'exécution pour les aviser de la nécessité de renforcer davantage les indicateurs de performance qui mesurent la réalisation des objectifs des activités visant la parité homme-femme, et d'en rendre compte selon les indicateurs dans les propositions de projet futures.</p> <p>Le Comité Exécutif est également invité à noter que, en application de la décision 84/92(e), le Secrétariat étudiera l'application de la politique opérationnelle de l'égalité des sexes et préparera un rapport à soumettre à la 89^e réunion. Le rapport fera référence aux indicateurs de performance qui mesurent la réalisations des objectifs des activités de parité homme-femme utilisés par les agences dans les propositions de projets.</p>
<p><i>2. Le Secrétariat du Fonds devrait appeler à l'attention du Comité Exécutif la nécessité t d'établir un cadre de gestion des risques d'entreprise aux fins d'une plus grande efficacité dans l'identification, l'évaluation et la gestion des risques.</i></p>	<p>Durant la période de l'audit, le Secrétariat du Fonds a informé les vérificateurs qu'il avait consulté les agences d'exécution pour leur demander si elles disposaient d'un cadre de gestion des risques d'entreprise (GRE); les agences ont confirmé qu'elles disposaient d'un tel cadre et qu'elles appliquaient leurs propres cadres GRE.</p> <p>Le Comité Exécutif est invité à noter que le PNUE applique actuellement son plan d'établissement d'un cadre GRE⁴ conformément à la politique et au cadre de gestion des risques d'entreprise et de contrôle interne du Secrétariat de l'ONU, adoptés par le Secrétaire général en mai 2011, selon lesquels la GRE est liée au cadre d'imputabilité, au cadre de contrôle interne, à la délégation d'autorité et à la gestion basée sur les résultats.</p> <p>En donnant suite à la Recommandation 2, le Secrétariat du Fonds appliquera les politiques et les dispositions pertinentes du PNUE sur cette question, notamment la nomination de deux fonctionnaires comme coordonnateurs de la GRE.</p>
<p><i>3. Le Secrétariat du Fonds devrait appeler à l'attention du Comité Exécutif la nécessité d'une analyse plus efficace des causes fondamentales des retards dans la mise en œuvre des projets, et de prendre des mesures correctives pour régler les problèmes systémiques</i></p>	<p>Durant la période de l'audit, le Secrétariat du Fonds a informé les vérificateurs que les causes des retards dans la mise en œuvre des projets ont été constamment portées à l'attention du Comité Exécutif, notamment dans les documents de réunion ci-après:</p> <ul style="list-style-type: none"> • Rapport sur les projets comportant des exigences spécifiques de compte rendu, qui présente les raisons des retards et propose des mesures correctrices par les gouvernements des pays intéressés et/ou par les agences bilatérales et les agences d'exécution; • Rapport sur les retards dans l'exécution des tranches, qui présente une analyse de chacune des tranches d'un projet d'accord pluriannuel qui sont dues mais qui ne sont pas soumises à la réunion en question, les raisons des retards, les incidences sur la conformité aux

⁴ La GRE facilite la prise de décisions stratégiques en fournissant à l'administration les outils pour comprendre totalement les causes fondamentales des risques et pour mettre sur pied des stratégies correctrices. La GRE est apparue comme une démarche structurée et disciplinée alignant stratégie, procédures, acteurs, technologies et connaissances, aux fins d'évaluation et de gestion des incertitudes qu'une entreprise doit résoudre dans la poursuite de ses objectifs.

Recommandation	Observations et suite donnée
	<p>obligations des pays en vertu du Protocole de Montréal, ainsi que les mesures correctrices;</p> <ul style="list-style-type: none"> • Rapports d'avancement dans lesquels, durant leur préparation, le Secrétariat examine en détail avec l'agence intéressée chaque projet présentant des retards de mise en œuvre, et propose des mesures correctrices. <p>Ayant examiné les informations présentées dans les documents mentionnés ci-dessus, les vérificateurs ont jugé pertinent de conserver la Recommandation 3 dans leur rapport.</p> <p>Donnant suite à la Recommandation 3, le Secrétariat du Fonds a envoyé, le 12 novembre 2021, une communication officielle aux agences bilatérales et d'exécution pour leur demander d'élargir l'analyse des causes fondamentales des retards dans la mise en œuvre des projets et de fournir d'autres preuves que des mesures sont prises pour régler les problèmes systématiques. Ces mesures seront prises en compte dans les documents de réunion pertinents sur les retards dans l'exécution des projets.</p>
<p><i>4. Le Secrétariat du Fonds devrait rappeler aux agences d'exécution de renforcer davantage la conformité aux décisions du Comité Exécutif sur l'achèvement des projets et les comptes rendus.</i></p>	<p>Durant la période de l'audit, le Secrétariat du Fonds a informé les vérificateurs que, préalablement à chaque réunion du Comité Exécutif, le Secrétariat du Fonds accueille des réunions de coordination interagences (RCIA) avec les agences bilatérales et les agences d'exécution. Durant ces réunions, des débats prolongés ont lieu concernant des sujets pertinents, notamment l'état d'achèvement des projets et les comptes rendus.</p> <p>À la suite des discussions avec les agences bilatérales et d'exécution, le nombre de rapports en suspens a été réduit (à savoir, seuls 9 rapports sur des projets pluriannuels sont en suspens sur les 208 qui ont été achevés; seuls 3 rapports sur des projets individuels sont en suspens sur les 1 856 qui ont été achevés; et 13 rapports sur des projets sans investissement sont en suspens sur les 1 234 qui ont été achevés).</p> <p>Ayant examiné les informations présentées, les vérificateurs ont jugé pertinent de conserver la Recommandation 4 dans leur rapport.</p> <p>Le 12 novembre 2021, eu égard à la Recommandation 4, le Secrétariat du Fonds a envoyé une communication officielle aux agences bilatérales et d'exécution pour leur rappeler la nécessité de renforcer davantage la conformité aux décisions du Comité Exécutif sur l'achèvement des projets et les comptes rendus.</p> <p>Le Comité Exécutif est également invité à noter que le Secrétariat du Fonds poursuivra l'examen de cette question avec les agences bilatérales et d'exécution durant les RCIA et durant l'examen des documents de réunion pertinents.</p>
<p><i>5. Le Secrétariat du Fonds devrait exécuter les éléments du plan d'action pour régler les retards dans la clôture financière des projets dépassant la limite des douze mois stipulée par le Comité Exécutif.</i></p>	<p>Durant la période de l'audit, le Secrétariat du Fonds a informé les vérificateurs que les éléments d'un plan d'action visant à régler la clôture des projets sont en place depuis la 28^e réunion, et ont été appliqués depuis lors. En particulier:</p> <ul style="list-style-type: none"> • Les projets opérationnellement terminés sont suivis de près jusqu'à leur clôture financière et les soldes sont rendus au Fonds multilatéral; • Dans le cas des projets dont la clôture financière dépasse la limite de douze mois, le Secrétariat du Fonds examine avec l'agence responsable les raisons du retard et convient d'une date d'achèvement, pour en informer ensuite le Comité Exécutif; et • Un rapport sur les soldes et la disponibilité des ressources, contenant des informations sur la clôture financière et la remise des fonds

Recommandation	Observations et suite donnée
	<p>provenant des projets achevés, est soumis à chaque réunion du Comité Exécutif.</p> <p>Dans leur rapport, les vérificateurs ont indiqué que le Secrétariat du Fonds a noté que la question de la clôture financière des projets est un motif de préoccupation important pour le Comité Exécutif, qui avait adopté en conséquence plusieurs décisions spécifiques. Le Secrétariat du Fonds a tenu régulièrement des discussions avec les agences bilatérales et les agences d'exécution et a mis sur pied un plan d'action pour assurer que les projets achevés puissent être financièrement clôturés. Grâce à ces efforts, un montant total de 32,1 millions \$US a été rendu au Fonds multilatéral depuis 2018. Ces fonds ont été reprogrammés pour financer des activités d'élimination supplémentaires dans des pays visés à l'article 5.</p> <p>Ayant examiné les informations présentées, les vérificateurs ont jugé pertinent de conserver la Recommandation 5 dans leur rapport.</p> <p>Le 12 novembre 2021, eu égard à la Recommandation 5, le Secrétariat du Fonds a envoyé une communication officielle aux agences bilatérales et d'exécution pour leur rappeler d'appliquer strictement tous les éléments du plan d'action mis en place depuis la 28^e réunion et de se conformer à toutes les décisions ultérieures, et d'assurer la clôture financière de tous les projets en respectant la limite de douze mois stipulée par le Comité Exécutif.</p>
<p>6. <i>Le PNUE devrait établir un plan d'action pour examiner les avances de longue date du Fonds multilatéral aux fins d'application du Protocole de Montréal et les résoudre.</i></p>	<p>À propos de la Recommandation 6, le Trésorier a indiqué qu'il a travaillé en étroite coopération avec le Bureau des Nations Unies à Nairobi et avec le Siège des Nations Unies pour compenser les <i>avances de longue date</i> depuis 2015, par rapport aux rapports annuels des dépenses reçus des agences d'exécution. Une telle mesure couvrira également l'ajustement ponctuel de 2015, afin de rectifier le registre de dépenses de certaines agences lors de leur passage des Normes comptables des Nations Unies (NCNU) aux Normes comptables internationales du secteur public (NCISP).</p>

Recommandation

7. Le Comité Exécutif est invité:

- (a) À prendre note du rapport de l'audit du Fonds multilatéral aux fins d'application du Protocole de Montréal par le Secrétariat du Programme des Nations Unies pour l'environnement (Tâche no. AA2021-220-01) menée par le Bureau des services de contrôle interne (BSCI), présenté en pièce jointe au document UNEP/OzL.Pro/ExCom/88/2/Add.1;
- (b) À noter que le Secrétariat du Fonds et le Trésorier avaient pris des mesures particulières pour donner suite aux six recommandations figurant dans le rapport mentionné en (a) ci-dessus;
- (c) À demander au Secrétariat du Fonds, au Trésorier et aux agences bilatérales et agences d'exécution de mettre en œuvre les recommandations du BSCI et d'inclure les informations appropriées dans les documents de réunion pertinents; et
- (d) À demander au Secrétariat du Fonds de communiquer au BSCI, par l'intermédiaire du Directeur exécutif du PNUE, que le Comité Exécutif a dûment pris en compte les recommandations contenues dans le rapport du BSCI, et qu'il a pris note des mesures que le Secrétariat du Fonds, le Trésorier et les agences bilatérales et d'exécution avaient prises pour y donner suite.

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE

INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Ms. Inger Andersen, Executive Director
A: United Nations Environment Programme

DATE: 29 October 2021

REFERENCE: OIOS-2021-01593

THROUGH: *for* Fatoumata Ndiaye, Under-Secretary-General
for Internal Oversight Services

FROM: Eleanor T. Burns, Director
DE: Internal Audit Division, OIOS

SUBJECT: **Report 2021/049 on an audit of the United Nations Environment Programme Secretariat for
the Multilateral Fund for the Implementation of the Montreal Protocol (Assignment No.
AA2021-220-01)**

1. Please find attached the final report on the above-mentioned audit.
2. Kindly note that OIOS will follow up on the progress made to implement its recommendations and will regularly report on the status of implementation through its online dashboard, as well as through annual and other reports to the Secretary-General and the General Assembly.
3. Please also note that OIOS will post a complete version of the final report on its website 30 days after its issuance in line with General Assembly resolution 69/253.
4. OIOS wishes to express its appreciation to the management and staff of UNEP for the assistance and cooperation extended to the auditors during this assignment.

cc: Ms. Joyce Msuya, UNEP
Mr. Eduardo Ganem, UNEP
Mr. Arnold Kreilhuber, UNEP
Ms. Sonja Leighton-Kone, UNEP
Ms. Elisabeth Turnbull Brown, UNEP
Ms. Anjana Das, United Nations Board of Auditors
Mr. Uren Pillay, Joint Inspection Unit
Mr. Moses Bamuwamye, IAAC
Mr. Zachary Ikiara, DMSPC



INTERNAL AUDIT DIVISION

REPORT 2021/049

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

**The audit indicated that some controls over
project management need to be strengthened**

29 October 2021

Assignment No. AA2021-220-01

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme (UNEP) Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (hereafter referred to as “the Fund Secretariat”). The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the provision of services by the Fund Secretariat. The audit covered the period from January 2018 to December 2020 and included a review of: (a) strategic planning and performance management; and (b) financial management.

The audit indicated that some controls over project management need to be strengthened.

OIOS made six recommendations. To address the issues identified in the audit, the Fund Secretariat and UNEP needed to:

- Bring to the attention of the Executive Committee the need to further enhance performance indicators that measure the achievement of outcomes of its gender mainstreaming activities;
- Bring to the attention of the Executive Committee the need to develop an enterprise risk management framework for more effective identification, assessment, and management of risks;
- Bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues;
- Remind implementing agencies to ensure compliance with the Executive Committee’s decisions on project completion and reporting;
- Implement its action plan to address the delays in financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee; and
- Develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.

The Fund Secretariat and UNEP accepted the recommendations and have undertaken to implement them.

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Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Environment Programme (UNEP) Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (hereafter referred to as “the Fund Secretariat”).
2. The “Montreal Protocol on Substances that Deplete the Ozone Layer” is a global agreement to protect the Earth’s ozone layer by phasing out both the production and consumption of chemicals (ozone-depleting substances) that deplete it. The Parties to the Montreal Protocol (the Parties) signed the landmark agreement in 1987 and it entered into force in 1989. In 2016, the Parties agreed to control an additional group of chemicals with high-global warming values even though they were not ozone depleting.
3. The Parties established a mechanism, which includes the Multilateral Fund, for the purposes of providing financial and technical co-operation, including the transfer of technologies, to Article 5 countries (developing countries) to allow their compliance with the control measures set out in the Montreal Protocol following an agreed schedule.
4. The Multilateral Fund operates under the authority of the Parties who decide on its overall policies. The key elements of the Fund are: (a) the Parties; (b) Executive Committee; (c) Fund Secretariat; (d) implementing agencies; and (e) the Treasurer.
5. The Executive Committee is established to develop and monitor the implementation of specific operational policies, guidelines, and administrative arrangements, including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund. It is comprised of members from seven non-Article 5 countries and seven Article 5 countries. It reports every year to the Meeting of the Parties.
6. The Fund Secretariat, which is administratively linked to UNEP and located in Montreal, is headed by the Chief Officer who reports to the Executive Committee. The Fund Secretariat assists the Executive Committee in the discharge of its functions.
7. The Multilateral Fund’s activities are implemented by four implementing agencies and a few bilateral agencies. The implementing agencies were the United Nations Development Programme, the United Nations Industrial Development Organization, the World Bank, and UNEP.
8. During the period 2018-2019, the Executive Committee approved 498 projects with a total budget of \$177.9 million. The project activities included preparatory work, investments, technical assistance, and training.
9. The Fund Secretariat’s budget was about \$7.5 million per year during 2018 to 2020. As of 31 December 2019, it had 14 professional staff including the Chief Officer (D-2), and 10 General Service staff.
10. Comments provided by the Fund Secretariat and UNEP are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

11. The objective of the audit was to assess the adequacy and effectiveness of the governance, risk management and control processes over the provision of services by the Fund Secretariat.
12. This audit was included in the 2021 risk-based work plan of OIOS due to the risk that potential control weaknesses in the provision of services by the Fund Secretariat could have an adverse impact on the achievement of its objectives.
13. OIOS conducted this audit from January to May 2021. The audit covered the period from January 2018 to December 2020. Based on an activity-level risk assessment, the audit covered risk areas relating to: (a) strategic planning and performance management; and (b) financial management.
14. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data from Umoja; and (d) sample testing of transactions. Due to the COVID-19 pandemic, the audit team was unable to travel to Canada. Therefore, the team relied on information and documentation provided by the Fund Secretariat, in addition to data in Umoja.
15. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Strategic planning and performance management

Results-based business plans were developed and monitored

16. The Multilateral Fund's strategic planning framework involves preparation of three-year rolling business plans to achieve specific results in support of the Montreal Protocol. The business plans, containing work plans and budgets, had Specific, Measurable, Achievable, Realistic, and Time-bound (SMART) performance indicators and targets. The targets were agreed between the Fund Secretariat and implementing agencies after several discussions. The performance indicators covered planning, implementation, and administrative activities.
17. Annually, implementing agencies prepared progress reports that compared actual performance with the targets agreed in business plans. The Fund Secretariat consolidated the progress reports and forwarded them to the Executive Committee for consideration, approval and follow up action where necessary. Such action included recommendations for more efficient and effective project implementation as well as addressing emerging challenges.

Impact of gender mainstreaming needs to be assessed

18. The Multilateral Fund promoted gender mainstreaming in projects that it funded. According to its operational policy, a gender-sensitive approach should be applied in the design and implementation of Multilateral Fund-supported projects. Also, the reporting, monitoring and evaluation systems should include tracking of results of gender-mainstreaming activities.
19. To facilitate gender mainstreaming, the Multilateral Fund identified priority areas and related performance indicators such as the following:

- (a) Number of specific gender assessments undertaken;
- (b) Number of trainings focusing on gender issues;
- (c) Number of reports/knowledge products prepared that include reflections on gender;
- (d) Number of gender-specific project content disseminated; and
- (e) Number of specific events that focused on gender within the context of Fund-supported projects.

20. These performance indicators were useful for tracking activities to be undertaken, as well as the related outputs. However, they did not include specific and measurable indicators of results to be achieved upon completion of the planned activities. An example of measurable indicators could be the proportion of women involved in the Multilateral Fund's projects. Without specific indicators of outcomes, the Multilateral Fund would be unable to assess the impact of its gender mainstreaming activities.

(1) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to further enhance the performance indicators that measure the achievement of outcomes of its gender mainstreaming activities.

The Fund Secretariat accepted recommendation 1 and stated that the operational policy on gender mainstreaming for Multilateral Fund-supported projects was approved by the Executive Committee at its 84th meeting (November 2019). Immediately after the adoption of the policy, all projects submitted from the 85th meeting onwards have included reference to the implementation of the gender policy including, in several cases, indicators and outcomes of the activities being proposed as well as achievements, in line with the gender policy. In addressing this recommendation, the Secretariat will inform the bilateral and implementing agencies of the need to further enhance performance indicators that measure the achievement of outcomes of gender mainstreaming activities in future project proposals. Recommendation 1 remains open pending receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to further enhance performance indicators for gender mainstreaming activities.

Need to develop risk management framework

21. In the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (ST/IC/2016/25), enterprise risk management (ERM) is defined as a comprehensive process designed to identify, assess and respond to risks, including fraudulent acts, that could affect the ability of the Secretariat to effectively achieve its mandates and objectives.

22. According to ST/IC/2016/25, every manager is responsible for identifying and mitigating the risks that might affect the operations under his or her responsibility. Systematic fraud risk assessments should be undertaken in accordance with the Secretariat's ERM and internal control policy and methodology. Such analysis should include known fraud risk factors, potential fraud schemes, control gaps, red flag identification and mapping.

23. There was no evidence that the Fund Secretariat had developed a formal framework for ERM. The Fund Secretariat received confirmation from implementing agencies A and B that they used ERM frameworks, while agency C was in the process of developing an ERM framework. There was no indication whether agency D had ERM in place.

24. The Fund Secretariat manages significant financial resources and is exposed to various risks. Therefore, development of an ERM framework is essential to strengthen its capacity to identify, assess, and manage risks.

(2) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to develop an enterprise risk management framework for more effective identification, assessment, and management of risks.

The Fund Secretariat accepted recommendation 2 and stated that it will be part of the UNEP enterprise risk management roll-out and will follow relevant policies and arrangements on this matter. Recommendation 2 remains open receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to develop an ERM framework.

Evaluation work plans were prepared and monitored

25. The Senior Monitoring and Evaluation Officer of the Multilateral Fund conducted evaluation activities in accordance with approved work plans. At the time of the audit, 4 out of 5 (80 per cent) and 1 out of 4 (25 per cent) of evaluations planned for 2019 and 2020, respectively, had been completed. The Fund Secretariat presented the evaluation reports to the Executive Committee and the reports were available to stakeholders on the Multilateral Fund's website. The Executive Committee monitored the implementation of the evaluation work plans and used evaluation reports to inform its decisions.

B. Financial management

Contributions from parties were generally collected in a timely manner

26. UNEP provided treasury services to the Fund in accordance with the agreement signed with the Executive Committee. Key services included collection of contributions and pledges from Parties, disbursement of funds to implementing partners, maintenance of financial records, and annual reporting to the Executive Committee.

27. Generally, non-Article 5 Parties remitted contributions to the Multilateral Fund on time. According to the Treasurer's report on status of contributions and disbursements, as of 31 December 2019, \$483.4 million out of \$497.4 million (or 97 per cent) of the total pledges for 2018 to 2020 had been received. Notably, by that date, 40 non-Article 5 Parties had already paid 96 per cent of their 2020 dues.

28. Nevertheless, some contributions had remained outstanding for a long time. For the period 1991 to 2020, a total of \$154.5 million in contributions was outstanding. This was mainly owed by certain Countries with Economies in Transition that had not settled \$127.7 million (or 83 per cent of outstanding contributions). The Executive Committee decided to pursue the matter through discussions and meetings of the Parties.

Need for root cause analysis of delays in project implementation

29. The annual consolidated progress reports to the Executive Committee highlight projects with implementation delays. There were delays in project completion averaging 22 months as of 31 December 2019. As of that date, there were 770 delayed projects with 94 projects subject to cancellation. The average delays per agency were 38 months for agency A, 15 months for agency B, 19 months for agency C, and 26 months for agency D.

30. According to the progress reports for the period 2016 to 2019, projects were delayed during each year due to the following reasons:

- (a) Agreements had not been signed.
- (b) A national ozone officer was not in place.
- (c) Lack of financial progress reports.
- (d) Delayed procurement process.
- (e) Lack of availability of alternative technologies in local markets.
- (f) Security related issues at the country level.
- (g) Low disbursement rates of approved funds.
- (h) Required an extension of planned completion dates.

31. The progress reports did not provide root cause analysis for the delays recurring each year, or the actions taken to prevent recurrence. Furthermore, even though the COVID-19 pandemic broke out worldwide only in early 2020, an implementing agency attributed delays in the implementation of four projects in 2019 to the pandemic.

32. The current delays of 38 months or three years for agency A and 26 months or two years for agency D appear to be high. The Fund Secretariat needs to conduct a more systematic analysis of the underlying root causes for the delays to enable prevention of such delays in future.

(3) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues.

The Fund Secretariat accepted recommendation 3 and noted that causes for delays in project implementation were continuously brought to the attention of the Executive Committee in the meeting documents. In addressing this recommendation, the Fund Secretariat will continue working with bilateral and implementing agencies to expand further on the root cause for delays in project implementation and provide further evidence that actions are being taken to address the systemic issues. These actions will be reflected in the relevant meeting documents addressing delays in project implementation. Recommendation 3 remains open pending receipt of evidence of root cause analysis and actions taken to address the systemic issues.

Need to finalize project completion reports in a timely manner

33. The Executive Committee, in its 24th meeting of 16 May 1998, decided that implementing agencies submit project completion reports (PCR) six months after the completion of projects. PCRs, including lessons learned, were to be available online on the Fund's website. OIOS noted the following:

- (a) Out of 2,973 completed investment projects, PCRs for 1,143 projects (or 38 per cent) were not available on the Fund's website at the time of the audit. Consequently, important information such as lessons learned were not accessible online.
- (b) PCRs for 43 projects remained outstanding for between 2 and 17 years after the actual completion date.

34. Non-completion or lengthy delays in completion of PCRs could impair the effectiveness of performance reporting and oversight.

(4) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should remind implementing agencies to ensure compliance with the Executive Committee's decisions on project completion and reporting.

The Fund Secretariat accepted recommendation 4 and stated that twice a year (prior to each of the two annual meetings of the Executive Committee), the Secretariat hosts inter-agency coordination meetings (IACMs) with the bilateral and implementing agencies. The Secretariat's discussions with the agencies on this matter had resulted in the completion of projects and submission of relevant reports, reducing the number of outstanding reports (For example: only 9 reports for multi-year projects out of 208 that have been completed remain outstanding; only 3 for individual projects out of 1,856 that have been completed remain outstanding; and 13 for non-investment projects out of 1,234 that have been completed remain outstanding). In addressing this recommendation, the Secretariat will continue discussing this matter with bilateral and implementing agencies during the IACMs and when discussing relevant documents to be submitted for consideration by the Executive Committee, will remind them of the need to further enhance compliance with the Executive Committee's decisions on project completion and reporting. Recommendation 4 remains open pending receipt of evidence that the Fund Secretariat has reminded implementing agencies to enhance compliance with the Executive Committee's decisions on project completion and reporting.

Need to address delays in financial closure of projects

35. According to Executive Committee decisions, implementing agencies should financially close projects within 12 months after their operational closure.

36. There were delays ranging from one to ten years in financial closure of projects. As many as 253 out of 753 projects (33 per cent) that were financially completed in 2018 and 2019 exceeded the 12-month target for closure. On average, projects took about 24 months to be financially closed after their operational completion. Annual progress reports to the Executive Committee did not include reasons for the delays and mitigation actions taken.

37. The Fund Secretariat noted that the issue of financial closure of projects is a major concern for the Executive Committee. Therefore, several specific decisions have been adopted by the Committee and the Fund Secretariat has regular discussion with bilateral and implementing agencies and developed an action plan so that projects that have been completed can be financially closed. As a result of these efforts, a total of \$32.1 million has been returned by the agencies to the Multilateral Fund since 2018. These funds have been reprogrammed for additional phase-out activities in Article 5 countries.

(5) The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should implement its action plan to address the delays in financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee.

The Fund Secretariat accepted recommendation 5 and noted that an action plan has been in place since the 28th meeting, and the following elements have been implemented since then: (a) operationally completed projects are closely monitored until they are financially closed and balances are returned to the Fund; (b) for projects whose financial closure has gone beyond the twelve-month limit, the Secretariat discusses with the relevant agency the reasons for such delays and agrees on a completion date and informs the Executive Committee accordingly; (c) at each meeting of the Executive Committee the Secretariat presents a report on balances and availability of resources, providing information on the financial closure and the return of funds of completed projects. As a result, since the inception of the Multilateral Fund, \$423.4 million has been returned as balances from completed projects. In addressing this recommendation, the Secretariat will continue working with the bilateral and implementing agencies on this matter, remind them of the action plan in place, and reiterate the need for strict compliance with it. Recommendation 5 remains open pending receipt

of evidence that the Secretariat has implemented its action plan to address the delays in financial closure of projects.

Need to address long outstanding advances

38. The Multilateral Fund had significant long outstanding advances amounting to \$224 million as of 31 December 2020 according to data extracted from Umoja (see Table 1 below).

Table 1: Long outstanding advances in Umoja as of 31 December 2020

Category/ Year	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)	Total (\$)
Implementing partners	(10,553,068)	53,750,806	41,060,727	29,777,468	110,413,583	224,449,516
Other payables	(328,337)			(48,873)		(377,210)
Staff and individual advances	623		2,857			3,480
Totals	(10,880,783)	53,750,806	41,063,584	29,728,595	110,413,583	224,075,785

39. During the audit, UNEP, as the Treasurer, undertook to liaise with the United Nations Office at Nairobi to obtain details of these advances and act accordingly.

(6) UNEP should develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.

UNEP accepted recommendation 6 and stated that the Treasurer is closely working with the United Nations Office at Nairobi and United Nations Headquarters to offset old advances against annual expense reports received from the implementing agencies. This will cover a one-off adjustment made in 2015 to rectify the expense records of some implementing agencies when they converted from United Nations System Accounting Standards to International Public Sector Accounting Standards. Recommendation 6 remains open pending receipt of evidence that long outstanding advances have been reviewed and addressed appropriately.

Agency support costs were paid in accordance with Executive Committee decisions

40. As of 31 December 2019, the Executive Committee had approved payment of agency support costs totaling \$384 million. OIOS' review showed that for 2018 and 2019, the Multilateral Fund paid agency support costs of \$119 million to implementing agencies in accordance with Executive Committee decisions. The Executive Committee had approved an amount of \$124 million for the agencies, and the Treasurer retained \$5 million for adjustments such as interest earned on funds kept by the agencies.

Five-year lease of office premises was entered into in 2019

41. Lease of office premises for the Fund Secretariat was the most significant procurement activity undertaken during the period under review. The lease was for up to Canadian Dollars 8.8 million (about \$7.4 million) for a period of five years, with an option for a five-year extension up to 31 December 2029. The Headquarters Committee on Contracts approved the lease on 20 September 2019.

IV. ACKNOWLEDGEMENT

42. OIOS wishes to express its appreciation to the management and staff of UNEP for the assistance and cooperation extended to the auditors during this assignment.

(Signed) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to further enhance the performance indicators that measure the achievement of outcomes of its gender mainstreaming activities.	Important	O	Receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to further enhance performance indicators for gender mainstreaming activities.	31 December 2021
2	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to develop an enterprise risk management framework for more effective identification, assessment, and management of risks.	Important	O	Receipt of evidence that the Fund Secretariat has brought to the attention of the Executive Committee the need to develop an ERM framework.	31 December 2021
3	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues.	Important	O	Receipt of evidence of root cause analysis and actions taken to address the systemic issues.	31 December 2021
4	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should remind implementing agencies to ensure compliance with the Executive Committee's decisions on project completion and reporting.	Important	O	Receipt of evidence that the Fund Secretariat has reminded implementing agencies to enhance compliance with the Executive Committee's decisions on project completion and reporting.	31 December 2021
5	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should implement its action plan to address the delays in	Important	O	Receipt of evidence that the Secretariat has implemented its action plan to address the delays in financial closure of projects.	31 December 2021

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNEP and the Fund Secretariat in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

6	financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee. UNEP should develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.	Important	O	Receipt of evidence that long outstanding advances have been reviewed and addressed appropriately.	31 December 2021
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APPENDIX I

Management Response

Memorandum

To: **Ms. Eleanor T. Burns,**
Director, Internal Audit Division
Office of Internal Oversight Services

Date **22 October 2021**

From: **Inger Andersen** 
**Executive Director, United Nations Environment
Programme (UNEP)**

Reference **UNE-2021-01997-
MLF**

Subject: **Draft report on an audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (Assignment No. AA2021-220-01)**

1. This memo refers to the draft report on an audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol (Assignment No. AA2021-220-01).
2. Management has reviewed the draft report and I am happy to say that all recommendations are accepted.
3. Please find attached the Management Response (Appendix I) for you to include in the final draft of the report.
4. The Management Response includes an action plan with target dates and the titles of the individuals responsible for implementing the recommendations.

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ ¹ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to further enhance the performance indicators that measure the achievement of outcomes of its gender mainstreaming activities.	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	The operational policy on gender mainstreaming for Multilateral Fund-supported projects was approved by the Executive Committee at its 84 th meeting (November 2019). Immediately after the adoption of the policy, all projects submitted from the 85 th meeting onwards have included reference to the implementation of the gender policy including, in several cases, indicators and outcomes of the activities being proposed as well as achievements, in line with the gender policy. In addressing this recommendation, the Secretariat will inform the bilateral and implementing agencies of the need to further enhance performance indicators that measure the achievement of outcomes of gender mainstreaming activities in future project proposals.
2	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need to develop	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	The Secretariat is part of UNEP enterprise risk management roll-out and will follow relevant policies and arrangements on this matter.

¹ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

² Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	<p>an enterprise risk management framework for more effective identification, assessment, and management of risks.</p> <p>The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should bring to the attention of the Executive Committee the need for more effective analysis of root causes for delays in project implementation and take corrective action to address the systemic issues.</p>	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	<p>The Secretariat notes that it cannot be responsible for the implementation of the enterprise risk management of the implementing agencies and the Treasurer (i.e., UNDP, UNEP as implementing agency and as Treasurer, UNIDO and the World Bank). During the period when the audit was being conducted, the Secretariat consulted with the implementing agencies on this matter and confirmed that they have in place and apply their own enterprise risk management, in accordance with the UN/ other relevant rules and procedures.</p> <p>The Secretariat notes that causes for delays in project implementation are continuously brought to the attention of the Executive Committee in <i>inter alia</i> the following meeting documents:</p> <ul style="list-style-type: none"> • “Report on projects with specific reporting requirements”, which presents the reasons for delays and proposes corrective actions by the Governments of the countries concerned and/or the bilateral and implementing agencies; • “Tranche implementation delays”, which presents an analysis of each of the tranches of multi-year

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should remind implementing agencies to further enhance compliance with the Executive Committee's decisions on project completion and reporting.	Important	Yes	Chief Officer, Multilateral Fund Secretariat	31 December 2021	<p>agreement projects that are due but not submitted to the meeting concerned, the reasons for the delays, the impact on compliance with the countries' obligations under the Montreal Protocol, and corrective actions;</p> <ul style="list-style-type: none"> • "Progress reports", during preparation of which, the Secretariat discusses each project with implementation delays in detail with the relevant agency, and proposes corrective measures. <p>In addressing this recommendation, the Secretariat will continue working with bilateral and implementing agencies to expand further on the root cause for delays in project implementation and provide further evidence that actions are being taken to address the systemic issues. These actions will be reflected in the relevant meeting documents addressing delays in project implementation.</p> <p>Twice a year (prior to each of the two annual meetings of the Executive Committee), the Secretariat hosts inter-agency coordination meetings (IACMs) with the bilateral and implementing agencies. During these meetings, extensive discussions are</p>

APPENDIX I

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol should implement the elements of	Important	Yes	Chief Officer, Multilateral	31 December 2021	held addressing relevant matters, including status of project completion and reporting. The Secretariat's discussions with the agencies on this matter, has resulted in the completion of projects and submission of relevant reports, reducing the number of outstanding reports (i.e., only 9 reports for multi-year projects out of 208 that have been completed, remain outstanding; only 3 for individual projects out of 1,856 that have been completed, remain outstanding; and 13 for non-investment projects out of 1,234 that have been completed, remain outstanding). In addressing this recommendation, the Secretariat will continue discussing this matter with bilateral and implementing agencies during the IACMs and when discussing relevant documents to be submitted for consideration by the Executive Committee, will remind them of the need to further enhance compliance with the Executive Committee's decisions on project completion and reporting. The Secretariat notes that the elements of an action plan has been in

APPENDIX I

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	<p>the action plan to address the delays in financial closure of projects beyond the twelve-month limit stipulated by the Executive Committee.</p>			<p>Fund Secretariat</p>		<p>place since the 28th meeting, and have been implemented since then:</p> <ul style="list-style-type: none"> • Operational completed projects are closely monitored until the projects are financially closed and balances are returned to the Fund. • For projects whose financial closure has gone beyond the twelve-month limit, the Secretariat discusses with the relevant agency the reasons for such delays and agrees on a completion date, and informs the Executive Committee accordingly. • At each meeting of the Executive Committee the Secretariat presents a report on balances and availability of resources, providing information on the financial closure and the return of funds of completed projects. <p>As a result, since the inception of the Multilateral Fund, US \$423,436,408 has been returned as balances from completed projects.</p> <p>In addressing this recommendation, the Secretariat will continue working with the bilateral and implementing agencies on this matter, remind them of the action plan in place, and reiterate the need for strict compliance with it.</p>

Management Response

Audit of the United Nations Environment Programme Secretariat for the Multilateral Fund for the Implementation of the Montreal Protocol

Rec. no.	Recommendation	Critical/ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
6	UNEP should develop an action plan to address the long outstanding advances relating to the Multilateral Fund for the Implementation of the Montreal Protocol and resolve them.	Important	Yes	Treasurer of the Multilateral Fund	31 December 2021	The Treasurer is closely working with UNON/UNHQ to offset old advances from 2015 onwards, against annual expense reports received from Implementing Agencies. This will also cover the one-off adjustment made in 2015, to rectify the expense record of some IAs when they converted from UNSAS to IPSAS. It does not; however, affect the reconciliation exercise of both the “Progress report” prepared by the Secretariat, as well as the reconciliation between the Treasurer and the Implementing Agencies. The progress of this exercise shall be reported before the end of 2021.