

UNICEF financial report and audited financial statements for the year ended 31 December 2019, and management response to the Board of Auditors report

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UNICEF Executive Board
First Regular Session – 9–12 February 2021

Item 10: UNICEF management response to the report of the Board of Auditors

Reference documents: [E/ICEF/2021/AB/L.2](#)





Statement of financial position

	2018	2019
Assets		
In USD millions		
Current assets	8,543	8,599
Non-current assets	1,962	2,575
Total assets	\$10,505	\$11,174

Liabilities

Current liabilities	1,568	1,905
Non-current liabilities	1,472	1,537
Total liabilities	\$3,040	\$3,442
Accumulated surplus	6,741	6,855
Reserves	724	877
Net assets	\$7,465	\$7,732

Accumulated surplus: Includes earmarked resources related to multi-year agreements, for which related expenditure will be incurred in future years in line with donor agreements.

2019 ASSETS & LIABILITIES HIGHLIGHTS

Strong net assets base confirming a healthy overall financial position (fund balances and reserves) – fund balances relate to specific programmes in different stages of implementation; reserves for ASHI and other employee benefits liability and RR reserve.

- Assets include contributions receivable position of **\$3.33 billion** (2018: \$3.33 billion), **of which \$2.33 billion** relates to multi-year agreements for both earmarked and regular resources for which cash will be received and expended in the future.

Included in total assets are **cash and cash equivalents and investments of \$5.52 billion** (2018: \$5.11 billion)

- Cash and investments are largely made up of earmarked resources for short-term programme implementation and have a large turnover to meet programmatic liquidity requirements as indicated in the cashflow statement.
- **\$0.54 billion** (2018: \$0.45 billion) of assets are externally managed to cover ASHI liabilities.



Revenue and expenses

Revenues

In USD millions

	2018	2019
Voluntary contributions	6,495	6,201
Other miscellaneous revenue	80	85
Investment revenue	101	126
Total revenue	\$6,676	\$6,412

Expenses

Direct cash transfers	2,263	2,352
Transfer of programme supplies	987	982
Employee salaries and benefits	1,416	1,520
Programme-related expert services	431	473
Other programme support expenses	873	935
Total expenses	\$5,970	\$6,262
Gains net	17	38
Net surplus	723	188

2019 INCOME STATEMENT HIGHLIGHTS

Revenue

- **\$3.03 billion or 49%** (2018: \$3.06 billion or 47%) of the total voluntary contribution revenue of \$6.41 billion (2018: \$6.68 billion) is related to multi-year contributions.

Expenses

- Total expenses increased in 2019 to **\$6.26 billion** (2018: \$5.97 billion) as programmatic activities increased.
- The key programme expense category continued to be direct cash transfers of **\$2.35 billion**.

Net surplus for the year was **\$0.19 billion** (2018: \$0.72 billion).

Audit opinion

UNICEF received an **unqualified audit opinion** for the year ended 31 December 2019

- **The audit opinion asserted that the financial statements of UNICEF for the period present fairly all material aspects of UNICEF's financial position, performance and cash flows, in compliance with International Public Sector Accounting Standards (IPSAS).**
- **The financial statements and the report of the Board of Auditors were:**
 - Transmitted to the General Assembly in September 2020
 - Examined by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in October 2020
 - Examined by the Fifth Committee in November 2020
- **The financial statements and report of the Board of Auditors are being presented to the UNICEF Executive Board at the first regular session 2021.**
- A detailed management response has been provided on the UNBOA report in reference document: **E/ICEF/2021/AB/L.2**

Summary status of UNBOA recommendations

Recommendations	2013	2014	2015	2016	2017	2018	2019	Total
Issued by UNBOA	17	11	22	36	36	48	55	225
Implemented as per 2019 UNBOA Report	16	11	20	31	29	22	-	129
Outstanding as per 2019 UNBOA Report	1	-	2	5	7	26	55	96
UNICEF Closure requested	1	-	2	1	3	23	9	39
UNICEF Not accepted	-	-	-	-	-	1	3	4
UNICEF Implemented - Total	17	11	22	32	32	45	9	168
UNICEF Implemented - Total (%)	100%	100%	100%	89%	89%	94%	16%	75%
UNICEF In progress	-	-	-	4	4	2	43	53

Long-standing: Three (3) recommendations [(69/2013) (14/2015) and (105/2015)] are fully implemented by management, with a request for UNBOA's review for closure.

Not accepted in 2019:

- 1. Classifying long-term components of the ASHI investment as non-current (16/2019).** UNICEF ASHI long-term instruments have high turnover. Non-current classification may inaccurately indicate that instruments are held to maturity.
- 2. Additional disclosures on inventory from expired grants (60/2019).** Not required under IPSAS and not material to impact on decision-making of users of financial statements. Information is included in quarterly financial packs for management review and action.
- 3. Strengthening management of inventory (170/2019).** Management accepted specific inventory and supply chain management recommendations for implementation, additional broadly worded recommendation is duplicative, lacks clarity and will be difficult to implement.



Thank You

