

# UNICEF financial report and audited financial statements for the year ended 31 December 2018; and Management response to the Board of Auditors report.

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Comptroller, UNICEF

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unicef   
for every child

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# Revenue and Expenses

## Revenues

In millions of USD

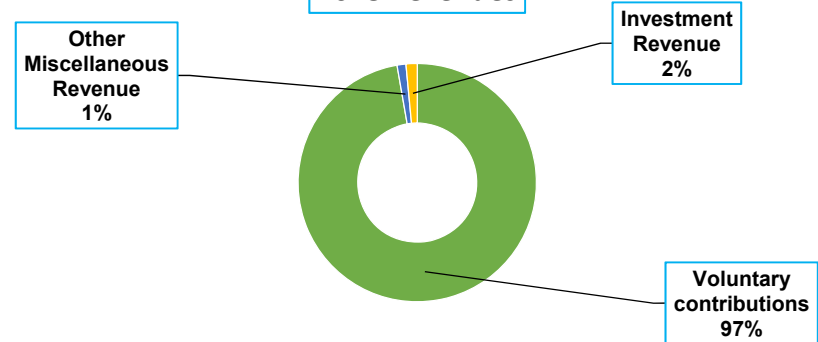
	2018	2017
Voluntary contributions	6,495	6,431
Other Miscellaneous Revenue	80	74
Investment Revenue	101	72
<b>Total revenue</b>	<b>\$6,676</b>	<b>\$6,577</b>

## Expenses

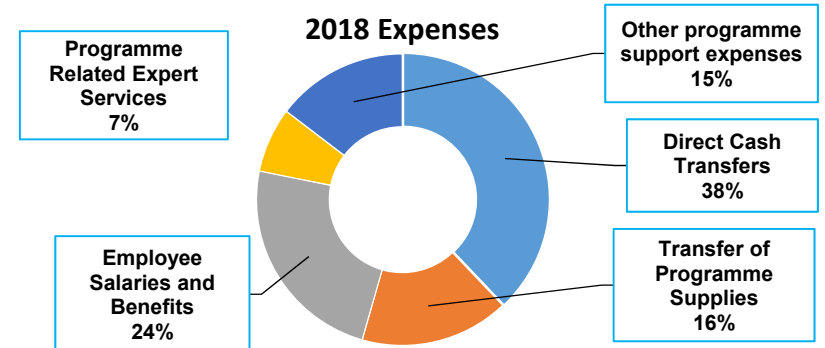
In millions of USD

Direct cash transfers	2,263	2,225
Transfer of programme supplies	987	1,086
Employee Salaries and Benefits	1,416	1,310
Programme related expert services	431	474
Other programme support expenses	873	768
<b>Total expenses</b>	<b>\$5,970</b>	<b>\$5,863</b>
<b>Gains net</b>	<b>17</b>	<b>75</b>
<b>Net surplus</b>	<b>723</b>	<b>789</b>

### 2018 Revenues



### 2018 Expenses



**2018 NET SURPLUS: \$0.72 billion** (2017: \$0.79 billion) includes earmarked funds related to multi-year agreements, for which related expenditures will occur in future years in line with donor agreements.



# Statement of Financial Position

## Assets

In millions of USD

	2018	2017
Current Assets	8,543	8,240
Non-Current Assets	1,962	1,713
<b>Total assets</b>	<b>\$10,505</b>	<b>\$9,953</b>

## Liabilities

In millions of USD

Current liabilities	1,568	1,800
Non-current liabilities	1,472	1,559
<b>Total liabilities</b>	<b>\$3,040</b>	<b>\$3,359</b>
Accumulated surplus	6,741	6,076
Reserves	724	518
<b>Net assets</b>	<b>7,465</b>	<b>6,594</b>

### Accumulated Surplus:

Includes earmarked resources related to multi-year agreements, for which related expenditures will occur in future years in line with donor agreements.

### 2018 ASSETS, LIABILITIES & NET ASSETS:

#### Strong Net Assets base sufficient to meet liabilities

(Accounts Payable, Deferred revenue, 3rd party funds, After-Service Health Insurance (ASHI) and Other employee benefits).

- The net assets includes Contributions Receivables of **\$3.33 billion** related to multi-year agreements for both earmarked and regular resources for which cash will be received and expenditures incurred in the future.

#### Included in total assets are cash and cash equivalents and investments of \$5.06 billion

- Cash and Investments are largely made up of earmarked resources for short term programme implementation and have a large turnover to meet programmatic cash requirements as indicated in the cashflow statement.
- **US\$0.47 billion** of assets are externally managed to cover ASHI liabilities.

# Audit opinion

UNICEF received an **unqualified audit opinion** for the year ended 31 December 2018.

**UNICEF was acknowledged by the ACABQ as one of the few United Nations system entities whose rate of Board of Auditors recommendations implementation had significantly increased in 2018.**

- **The opinion provides assurance that the financial statements of UNICEF 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 2019.
  - Examined by the Advisory Committee on Administrative Budgetary Questions (ACABQ) September 2019 and
  - Examined by the Fifth Committee in November 2019.
- **The Financial Statements and Report of the Board of Auditors are being presented at the UNICEF Executive Board during the current First regular session in February 2020.**

# Summary of audit recommendations

Recommendations	Total Pre-2018	2018	Total
Issued by UNBOA	111	48	159
Implemented as per 2018 UNBoA Report	79	-	79
<b>Outstanding as per 2018 UNBoA Report</b>	<b>32</b>	<b>-</b>	<b>80</b>
UNICEF Closure requested	20	16	36
UNICEF Not accepted	2	1	3
<b>UNICEF Implemented Total</b>	<b>101</b>	<b>17</b>	<b>118</b>
%	91%	35%	74%
<b>UNICEF in Progress</b>	<b>10</b>	<b>31</b>	<b>41</b>

- **Long standing: Three** recommendations related to the Budget Formulation Tool are outstanding. Management has taken full action and considers them implemented. These recommendations will be assessed by the UNBOA during the next audit.
- **Not accepted:** In 2018, UNICEF did not accept **one** recommendation related to a proposal for UNICEF to disclose information regarding target and actual revenue in the notes to the financial statements as that is not consistent with the harmonised approach on IPSAS reports for the funds and programmes who do not receive assessed contributions.
- A detailed management response has been provided on recommendations of the UNBOA. The recommendations are targeted for implementation by the end of 2020. UNICEF will continue to engage with the UNBOA and provide evidence of implementation progress on the **open recommendations** in line with targets set in the Integrated Results and Resources Framework of the Strategic Plan 2018 – 2021.

## 2018 report: Status of 12 Main recommendations

UNBOA Recommendation	Status
1. Review and strengthen the methodology of calculating cost and time savings due to the establishment of the GSSC (236/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
2. Documentation for functioning of GSSC (245/2018)	Status: <b>In Progress</b> Target Implementation Date: <b>Q2 2020</b>
3. Ticket Processing – GSSC (270/2018) and (271/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
4. Maintenance of Master Tables - GSSC (279/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
5. Private Sector Fundraising – underperforming National Committees and Country Offices. (127/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
6. Joint Strategic Plans (JSP) and Contribution Rates for National Committees. (134/2018) and Retention of reserves by National Committees. (140/2018)	Status: <b>Implementation actions completed for Joint Strategic Plans</b> Target Implementation Date: <b>N/A</b>  Status: <b>In Progress for retention of reserves by National Committees</b> Target implementation date: <b>Q1 2020</b>

\*\*Responses to be found in the [UNICEF management response to the report of the Board of Auditors](https://www.unicef.org/about/execboard/files/2020-AB-L2_Mgmt_response_to_BOA-EN-2019.12.12.pdf) available at: [https://www.unicef.org/about/execboard/files/2020-AB-L2\\_Mgmt\\_response\\_to\\_BOA-EN-2019.12.12.pdf](https://www.unicef.org/about/execboard/files/2020-AB-L2_Mgmt_response_to_BOA-EN-2019.12.12.pdf)

## 2018 report: Status of 12 Main recommendations *cont.*


UNBOA Recommendation	Action**
7. Monitoring of Programme Performance (61/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
8. Follow up on Findings/Recommendations of Assurance Activities (83/2018)	Status: <b>In Progress</b> Target Implementation Date: <b>Q1 2020</b>
9. Funding Authorization and Certificate of Expenditures (FACE) forms (88/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
10. Partnership Review Committee (PRC) forms (103/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>
11. Delay in Expression of Interest for selection of Civil Society Organizations (CSOs) (109/2018)	Status: <b>In Progress</b> Target Implementation Date: <b>Q1 2020</b>
12. Travel Management (37/2018)	Status: <b>Implementation actions completed</b> Target Implementation Date: <b>N/A</b>

\*\*Responses to be found in the UNICEF management response to the report of the Board of Auditors available at: [https://www.unicef.org/about/execboard/files/2020-AB-L2\\_Mgmt\\_response\\_to\\_BOA-EN-2019.12.12.pdf](https://www.unicef.org/about/execboard/files/2020-AB-L2_Mgmt_response_to_BOA-EN-2019.12.12.pdf)



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Thank You

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