United Nations

United Nations Institute for Training and Research

Financial report and audited financial statements

for the year ended 31 December 2020

and

Report of the Board of Auditors

General Assembly
Official Records
Seventy-sixth Session
Supplement No. 5E

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Report of the Board of Auditors

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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[22 July 2021]

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Letters of transmittal

Letter dated 31 March 2021 from the Executive Director of the United Nations Institute for Training and Research addressed to the Chair of the Board of Auditors

Pursuant to regulation 6.2 of the Financial Regulations and Rules of the United Nations, I have the honour to submit the 2020 annual financial statements of the United Nations Institute for Training and Research as at 31 December 2020, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Nikhil **Seth**
Assistant Secretary-General of the United Nations
Executive Director
United Nations Institute for Training and Research

Letter dated 22 July 2021 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and audited financial statements of the United Nations Institute for Training and Research for the year ended 31 December 2020.

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations Institute for Training and Research (UNITAR), which comprise the statement of financial position (statement I) as at 31 December 2020 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UNITAR as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of UNITAR, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

Management is responsible for the other information, which comprises the financial report for the year ended 31 December 2020, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of UNITAR to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless management intends either to liquidate UNITAR or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of UNITAR.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of UNITAR;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

(d) Draw conclusions as to the appropriateness of management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of UNITAR to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause UNITAR to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance with regard to, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the transactions of UNITAR that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of UNITAR.

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead Auditor)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China

22 July 2021

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations Institute for Training and Research (UNITAR) is an autonomous United Nations body established in 1965 with the mandate to enhance the effectiveness of the United Nations through diplomatic training, and to increase the impact of national actions through public awareness-raising, education and training of public policy officials.

The Board of Auditors has audited the financial statements and reviewed the operations of UNITAR for the year ended 31 December 2020. The audit was carried out remotely from Santiago, rather than at headquarters in Geneva, owing to the coronavirus disease (COVID-19) pandemic. The interim audit process was performed from 25 February to 17 March 2021, and the final audit of the financial statements was carried out from 29 March to 23 April 2021.

Scope of the report

The report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with UNITAR management, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the financial position of UNITAR as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS). The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed UNITAR operations in accordance with financial regulation 7.5 of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations.

Opinion

In the Board’s opinion, the financial statements present fairly, in all material respects, the financial position of UNITAR as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with IPSAS.

Overall conclusion

The Board identified no significant errors, omissions or misstatements from the review of financial records of UNITAR for the year ended 31 December 2020. However, the Board identified scope for improvement in the areas of financial management and internal controls.

Key findings

Review of financial and non-financial agreements

The Board found deficiencies in the "tracking tool review" system, which is used for reviewing financial and non-financial agreements. The absence of a unique search identifier hampered the Board in finding the agreements in the tracking tool review. Additions and/or modifications made by the manager to the draft agreements in accordance with the recommendations made by the Finance and Budget Unit and the Partnership and Resource Mobilization Unit could not be viewed in the tracking tool review; nor was it possible to identify the final version of any of the agreements in the tracking tool review.

Formulation of results-based management instruments

During the visit, the Board noted that the results framework contained in the UNITAR programme budget included no means of verification for its indicators and targets. The Board also noted that several elements of the results-based management causal chain were not applied in accordance with the definitions in the annual workplans of all units of UNITAR divisions. In addition, the Board noted that most of the annual workplans did not include timeliness for results delivery or a designated staff member responsible for results delivery.

No-cost extension amendments

The Board noted that UNITAR policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants-in") contained the formal requirements that should be followed for approving no-cost amendments to project agreements. However, those formal requirements were not followed by the Institute in four cases, where the amendments had been approved only by email.

Recommendations

In the light of the findings discussed above, the main recommendations of the Board are that UNITAR:

Review of financial and non-financial agreements

(a) **Assign and use a unique identification number for each project in all its management systems to ensure traceability in all the tools and/or documents used at the Institute;**

(b) **Maintain a version history for the agreement documents in the tracking tool review, to ensure the tracking of changes and/or modifications that have been made during the review process by the partnership and resource mobilization unit, the Finance and Budget Unit and programme manager;**

Formulation of results-based management instruments

(c) **Identify means of verification for the programme budget indicators and targets;**

(d) **Take measures to ensure that those elements of the results-based management causal chain included in their workplans are adequately applied by every programme unit in accordance with the provisions of the UNITAR results-based management framework;**

(e) **Disclose the timeliness for and the personnel in charge of delivering the outputs and activities specified in the annual workplans of its units and offices;**

No-cost extension amendments

(f) **Comply with the requirements of the policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants-in") with regard to the formalization of project amendments.**

Follow-up of previous recommendations

The Board noted that there were 17 recommendations outstanding up to the year ended 31 December 2019, of which 14 (82 per cent) have been fully implemented and three (18 per cent) are under implementation, as shown in table II.1. Details of the status of implementation of the recommendations from previous years are provided in the annex to chapter II.

Key facts	
$34 million	Total revenue in 2020, including $25.8 million in voluntary contributions and $7.2 million for services rendered, $0.4 million for investment revenue and $0.6 million for other revenue
$0.6 million	Deficit shown in 2020
$31 million	Accumulated surpluses as at 31 December 2020
103	Staff members

A. Mandate, scope and methodology

1. The United Nations Institute for Training and Research (UNITAR) was established in 1965 as an autonomous body within the United Nations system with the purpose of enhancing the effectiveness of the United Nations through appropriate training and research. UNITAR is governed by a Board of Trustees and is headed by an Executive Director. It does not receive contributions from the United Nations regular budget. The Institute is supported by voluntary contributions from Governments, intergovernmental organizations, foundations and other non-governmental sources.

2. The Board of Auditors audited the financial statements of UNITAR and reviewed its activities for the year ended 31 December 2020, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNITAR as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards. This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the Board of Trustees and recorded in accordance with the Financial Regulations and Rules of the United Nations.

4. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. The Board also reviewed UNITAR operations under financial regulation 7.5 of the Financial Regulations and Rules of the United Nations. This requires that the Board make observations with respect to the efficiency of the financial procedures, the accounting systems and the internal financial controls and, in general, the administration and management of UNITAR operations.

6. The audit was carried out remotely owing to travel restrictions following the COVID-19 pandemic. The Board adjusted its processes of analysis and utilized alternative audit procedures to obtain reasonable assurance. It is the Board's view that this remote audit was performed as an exception under unique circumstances and should not be viewed as a standard procedure in future audits.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with UNITAR management, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

8. The Board analysed the implementation status of 17 recommendations that were outstanding up to the year ended 31 December 2019. As shown in table II.1, of the recommendations analysed, 82 per cent (14), had been fully implemented and 18 per cent (3) were under implementation. Details of the status of implementation of the recommendations from previous years are provided in the annex to chapter II.

Table II.1
Status of implementation of recommendations

Report and audit year	*Number of recommendations*	*Recommendations pending as at 31 December 2019*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2020*
A/73/5 (Vol. IV), chap. II (2017)	7	1	–	1	–	–	1
A/74/5 (Vol. IV), chap. II (2018)	7	1	1	–	–	–	–
A/75/5 (Vol. IV), chap. II (2019)	15	15	14	2	–	–	2
Total		**17**	**14**	**3**	**0**	**0**	**3**

9. The Board considers that an 82 per cent implementation rate indicates the firm commitment of UNITAR to implement the Board's recommendations. The Board acknowledges management efforts and encourages UNITAR to carry out the process of implementation.

2. Financial overview

10. The impact of the COVID-19 pandemic triggered accounting adjustments that decreased contribution revenue by $0.991 million. The main reasons for these adjustments were premature project termination and budget reductions by the donors, as their funding priorities changed. The COVID-19 pandemic mitigation strategy implemented by UNITAR had an impact on travel expenses, which went down by $2.45 million (76.0 per cent) as compared with 2019. Investment revenues also decreased by $0.188 million (30.0 per cent) as compared with 2019, and the average annual yield in 2020 was 1.27 per cent compared with 2.60 per cent in 2019. Short-term liquidity was not significantly affected by the COVID-19 pandemic since, although cash revenues dropped by 8.7 per cent as compared with 2019, the impact of delayed funding was offset overall by delayed expenses or delivery due to the pandemic.

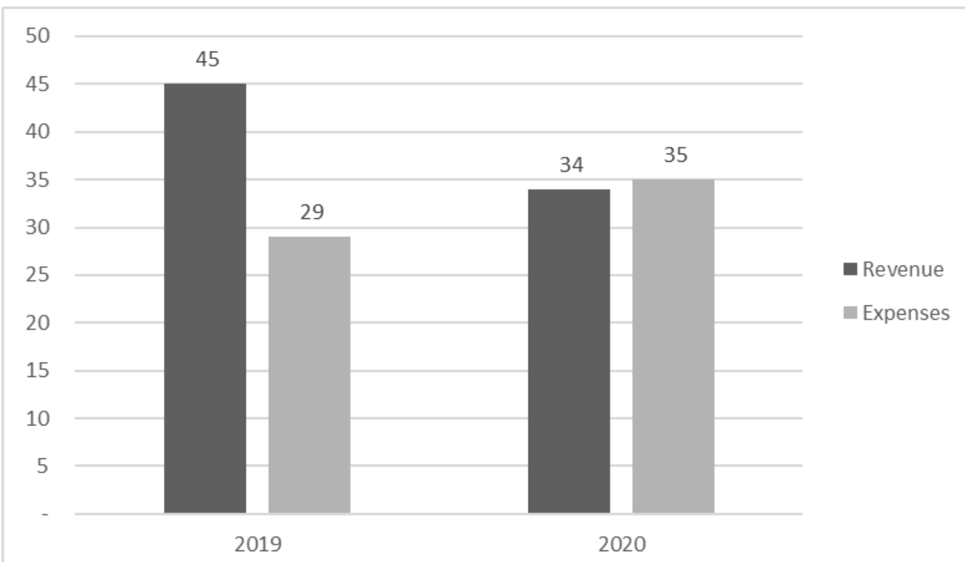
11. Total revenue for 2020 of $34.0 million decreased by $10.9 million, from $44.9 million in the prior year. This includes voluntary contributions of $25.8 million (75.7 per cent) and revenue from services rendered of $7.2 million (21.1 per cent), $0.4 million (1.3 per cent) for investment revenue and $0.6 million (1.9 per cent) for other revenue. Voluntary contributions from Member States decreased from

$23.6 million in 2019 to $11.0 million in 2020. Other voluntary contributions increased from $13.8 million in 2019 to $14.8 million in 2020. UNITAR carried out a case-by-case review of voluntary contributions receivable as at 31 December 2020 and consequently made accounting adjustments of $0.991 million, with a corresponding reduction to voluntary contributions receivable and revenue.[1]

12. Total expenses increased 19.8 per cent, from $28.9 million in 2019 to $34.7 million in 2020. In 2020, expenses included $11.5 million for personnel expenses (2019: $10.0 million), $9.0 million for consultants, interns and trainees (2019: $6.3 million) and $5.8 million for grants and other transfers (2019: $3.3 million).

13. In 2020, UNITAR posted a deficit of $0.603 million, compared with a surplus of $16.0 million in 2019, as a result of declining revenues, which includes a reduction of $0.553 million of actuarial loss on employee benefits liabilities. In addition, the Institute's net assets decreased from $31.9 million to $30.8 million. A comparison of revenue and expenses for 2020 and 2019 is represented in figure II.I.

Figure II.I
Revenue and expenses
(Millions of United States dollars)



Source: UNITAR financial statements for 2019 and 2020.

14. The total assets of UNITAR increased from $36.0 million as at 31 December 2018 to $52.8 million as at 31 December 2019, and further increased to $56.6 million at the end of the reporting period. Liabilities rose from $12.5 million as at 31 December 2018 to $20.8 million as at 31 December 2019 and further to $25.8 million as at 31 December 2020.

15. The Board has reviewed the financial situation of UNITAR in accordance with the capital structure ratios, as shown in table II.2. The ratios indicate that net assets are sufficient to meet the Institute's short-term and long-term liabilities.

[1] See note 8 to the financial statements for the year ended 31 December 2020.

Table II.2
Capital structure ratios

Ratio	*31 December 2020*	*31 December 2019*	*31 December 2018*
Total assets: total liabilities[a]			
Total assets: total liabilities	2.19	2.54	2.88
Current ratio[b]			
Current assets: current liabilities	8.33	18.49	11.93
Quick ratio[c]			
(Cash + short-term investments + accounts receivable): current liabilities	7.98	15.60	11.63
Cash ratio[d]			
(Cash + short-term investments): current liabilities	5.70	10.78	7.30

Source: UNITAR financial statements.

[a] A high ratio indicates an entity's ability to meet its overall obligations.

[b] A high ratio indicates an entity's ability to pay off its current liabilities.

[c] The quick ratio is more conservative than the current ratio, because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[d] The cash ratio is an indicator of an entity's liquidity; it measures the amount of cash, cash equivalents or invested funds that are in current assets to cover current liabilities.

16. The Institute's key financial indicators remain robust, as evidenced by the high ratios between current assets and current liabilities and total assets versus total liabilities. However, the ratios have decreased as compared with 2019 as the current, quick and cash ratios were affected by an increase of 139.4 per cent in current liabilities. The increase in current liabilities is due mainly to an increase of 212.2 per cent in accounts payable and accumulated liabilities, and an increase of 98.3 per cent in advance receipts.

3. Review of financial and non-financial agreements

17. The policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants-in") and the policy guidelines for agreements with implementing partners ("grants-out") approved by the Board of Trustees at its sixtieth session (November 2019), indicate that all the agreements for which review is required by the Partnership and Resource Mobilization Unit and the Finance and Budget Unit must be recorded in the "tracking tool review" system (Agreement review). The following procedures for the review, clearance and signature of financial and non-financial agreements, which were revised in October 2020, shall be adhered to by:

(a) The manager, who prepares the draft agreement in accordance with the policy guidelines, grants in or grants out and uploads the draft agreement and any referenced documents in the tracking tool review;

(b) The Finance and Budget Unit and the Partnership and Resource Mobilization Unit review the draft agreement and make observations and/or recommendations online in track mode and/or in the comment section of the tracking tool review. The manager then reviews the observations or recommendations and finalizes the draft agreement;

(c) The manager, who obtains the donor's signature; the Programme Unit then submits the signed agreement to the director of the Division for Operations, together with a completed and signed routing slip and any referenced annexes. The routing slip contains the manager's acceptance or non-acceptance of comments or recommendations issued by the review entities, together with explanations as may be required;

(d) The Executive Director or the Director of the Division for Operations, who reviews the submitted documents, signs the agreement and submits it to the Partnership and Resource Mobilization Unit to be recorded in the project tracking tool.

18. The Board requested from UNITAR the list of grant agreements with implementing partners signed in 2020 that was in the tracking tool review (42 in total). During the review process the following was noted:

(a) The absence of a unique search identifier hampered the Board in finding the agreements in the tracking tool review, which also rendered traceability with the recorded agreements in the project tracking tool difficult;

(b) The tracking tool review contained no function for recording the observations or recommendations made by the reviewing entities. Modifications had therefore been made directly to the draft agreement in the tool, without a version history, thereby making observations or recommendations vulnerable to subsequent changes or deletions;

(c) It was not possible to identify the final version of any of the agreements in the tracking tool review, which the Project Manager uses and is then signed by the donor.

19. The Board considers that the failure to maintain a version history of the document under review entails the risk of a final version of the agreement with omissions or errors in incorporating the observations or recommendations made during the review process. It also makes it difficult for the Executive Director or the Director of the Division for Operations to review the agreement for the signature of the latter as there is no traceability between the original and the final version of the agreement for identifying the changes made throughout the review process.

20. Although UNITAR referred to various filters that can be used to trace a signed agreement back to the draft version, the Board is of the view that the absence of a unique identifier for the projects in all the management tools makes it difficult to find projects and their agreements, making it necessary to request help with searches, and thereby hindering efficiency.

21. The Board believes that versioning for the agreement and a unique identifier for the projects would: (a) facilitate the identification of projects in the search system for users, (b) maintain the traceability of projects in all the UNITAR systems, (c) improve the administration process for the various versions of the agreements and (d) streamline the review process for the Director of the Division for Operations.

22. **The Board recommends that UNITAR assign and use a unique identification number for each project in all its management systems to ensure traceability in all the tools and/or documents used in the entity.**

23. **The Board also recommends that UNITAR maintain a version history of the agreement documents in the tracking tool review, to ensure the tracking of changes and/or modifications that have been made during the review process by the Partnership and Resource Mobilization Unit, the Finance and Budget Unit and programme manager.**

24. UNITAR accepted the recommendations and informed the Board that it would take measures to implement them.

4. Hosted agencies reporting

25. In accordance with the UNITAR policy on conditions and risk assessment criteria for hosted partnerships and related hosted arrangements (AC/UNITAR/2020/17), a hosted partnership is defined as a pre-existing partnership outside of UNITAR with a governance structure, leadership and funding to which UNITAR agrees to provide a platform in order to operate and conduct its work subject to consistency with the UNITAR statute and other conditions defined in an agreement between UNITAR and the partnership's governance structure.

26. On 23 July 2019, UNITAR signed an operation agreement with the Defeat Non-Communicable Diseases Partnership to establish a hosted agency relationship. Paragraph 6.13 of the agreement indicates that UNITAR will maintain accounts for the partnership secretariat in accordance with UNITAR rules. Separate financial reports for revenue and expenditure will be prepared by UNITAR, which shall provide the partnership with the following financial reports prepared in United States dollars and in accordance with its standard formats:

(a) Quarterly interim financial report for the funds, 15 days after the end of each quarter;

(b) Annual certified financial report for the funds as at 31 December, by 31 March of the following calendar year.

27. The Board performed a contract review process and asked UNITAR for the reports committed to in paragraph 6.13 of the operation agreement. As a response, the Institute indicated that UNITAR, in general, produces financial reports only upon requests received by UNITAR programmes and partnerships.

28. In 2020, quarterly reports were not requested by the Defeat Non-Communicable Diseases Partnership and hence not issued, because the Partnership's delivery plan did not take off as anticipated in the 2020 plan, owing to the COVID-19 pandemic, among other reasons. At the end of the first quarter of 2020, only 2 per cent of the budget plan had been delivered and at the end of the second quarter, only 5 per cent of the budget plan had been delivered. In November 2020, a revised budget plan was presented to the Board of Trustees.

29. Secondly, UNITAR stated that the quarterly reporting clause and/or provision was incorporated in the operational plan based on the anticipation of contributions from member State donors whose requirement was for quarterly reports. However, to date, only two private sector donors and one foundation have contributed to the partnership and, as indicated by UNITAR, those contributors would be needing only annual reports. Therefore, no quarterly reports were requested from the partnership secretariat in 2020.

30. The Board considers that the agreement between UNITAR and the Defeat Non-Communicable Diseases Partnership establishes no exemptions and/or specific requirements whereby the quarterly financial reports could not be issued. Neither, the Board observes, are there clauses that exempt UNITAR from issuing the reports for the reasons expressed by the Institute.

31. The Board is therefore of the view that non-compliance with the paragraphs agreed in the contract entails a legal and reputational risk that could affect UNITAR in the future. Thus, failure to observe the provisions of the agreement with the Defeat Non-Communicable Diseases Partnership may affect the image of UNITAR and, therefore, the engagement of agencies that could be hosted by UNITAR in the future, thereby hindering its aim of diversification of funding sources.

32. **The Board recommends that UNITAR establish a mechanism to ensure compliance with the reporting requirements of the operational agreement signed with the Defeat Non-Communicable Diseases Partnership.**

33. UNITAR accepted the recommendation and informed the Board of measures that it would be taking to implement it.

5. Programme management

Formulation of results-based management instruments

34. In accordance with the UNITAR results-based management framework, as revised in January 2019, the programme budget provides the overall budget and results framework for work carried out by UNITAR. In preparing the programme budget, managers identify the expected results to be achieved through their specific programme and other divisions and determine the resources needed to achieve the planned results, including expected accomplishments (i.e., outcomes) and planned outputs. The programmatic part of the current programme budget is structured by result areas, indicators, performance measures and key outputs.

35. Administrative circular AC/UNITAR/2018/02 on "Managing for results" indicates in paragraph 3 that, on the basis of the programme budget adopted by the Board of Trustees, all units and offices of UNITAR divisions shall prepare an annual workplan by the end of the first quarter of each calendar year. The UNITAR results-based management framework indicates that annual workplans specify outputs and activities to be delivered in relation to the funded or planned projects.

36. The UNITAR framework of results-based management defines the following elements as part of the results-based management causal chain:

(a) Inputs: financial, human and material resources;

(b) Activities: action performed to transform inputs into outputs;

(c) Outputs: measurable services and products delivered (for example, training delivered or knowledge product produced) which are expected to serve as important factors to foster a desired change and/or outcome in a development context;

(d) Outcomes: the intended changes in development conditions (such as the enhanced knowledge and skills of trained participants);

(e) Impact: conditions improved.

37. In the UNITAR guidance document on indicators, of March 2011, the following definition for indicators is cited: "a quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement to reflect the changes connected to an intervention". It is also specified that indicators enable managers to track changes in conditions and progress towards the achievement of expected outputs and outcomes.

38. The Board reviewed the UNITAR programme budget and found no definition of means of verification for the indicators and targets described. Although UNITAR indicated that it did not consider it appropriate to include means of verification in relation to annual workplans, the Board underlines that this observation does not refer to the annual workplans but to the programme budget.

39. The Board also asked for the annual workplans of each unit of all UNITAR divisions for 2020 and reviewed the planning tools submitted. The findings of the analysis were as follows:

(a) There were cases in four workplans where indicators were not stated in accordance with the concept described in the guidance document on indicators. They were expressed as an outcome, output or activity instead of a factor or variable for measuring achievements;

(b) There were cases in five workplans where outputs were not stated in accordance with the results-based management framework definition, as they were announced as outcomes or activities;

(c) Most of the workplans analysed did not properly indicate a deadline or timeliness for the outputs or deliverables committed to. Although the Board is aware that there might be some exceptions whereby the nature of some outputs delivered may be recurring (i.e., support functions providing services to programme units), this is not the situation observed for most UNITAR programme divisions;

(d) In 11 of the 19 workplans, there was no indication of the staff member responsible for the tasks described.

40. With regard to indicators, management mentioned that there might have been instances where other components of the results chain were used as proxy measures and that, given the Institute's project-based nature, many programme units had either more detailed subprogramme workplans or project-specific workplans. UNITAR also mentioned that, given the variation in size and scale of programming within UNITAR, there could be instances where an outcome for a programme unit would be defined as an output at a higher level or in a different context. In its findings, the Board refers to the application of each concept in terms of the definition provided in the UNITAR results-based management framework. Therefore, in the context of the units in each division, indicators should be defined as a factor or variable for measurement purposes, whereas outputs should be defined as the products or services to be delivered.

41. The Board of Auditors considers that a clear definition of expected outputs, outcomes and indicators, as well as timeliness for delivering results, are basic elements for measuring the work of UNITAR and the extent to which it achieves its aims. The absence of those basic elements may therefore hinder the proper measurement and performance of the Institute's work.

42. The Board is of the opinion that the absence of designated personnel in charge of outputs or activities delivery means that managers do not have an overall view of the staff members responsible for specific tasks and may affect the control and supervision for guiding divisions towards the accomplishment of targets.

43. The Board considers that the non-identification or non-definition of means of verification for the programme budget could constitute a hindrance to the establishment of indicators at the planning stage which can be accounted for at the reporting stage.

44. **The Board recommends that UNITAR identify means of verification for the programme budget indicators and targets.**

45. **The Board further recommends that UNITAR take measures aimed at ensuring that those elements of the results-based management causal chain included in their workplans are adequately applied by every programme unit in accordance with the provisions of the UNITAR results-based management framework.**

46. **Lastly, the Board recommends that UNITAR disclose timeliness for and the personnel in charge of delivering the outputs and activities specified in the annual workplans of its units and offices.**

47. UNITAR accepted the recommendations.

6. Project management

Project information management

48. UNITAR carries out its mission of training and research through various projects, which derive from an agreement signed with its donors. In accordance with the policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants in"), approved in November 2019, paragraph 5 (d), all agreements for the acceptance of contributions should contain financial conditions, including the amount of the contribution in figures and a reference to an annexed budget, preferably in standard United Nations/UNITAR cost categories, or in a project document with a budget. Paragraph 12 of the policy stipulates that all projects and funds for specific purposes shall be administered, in accordance, inter alia, with the budget annexed to the relevant agreement, project document or grant application.

49. Paragraph 19 of the "Monitoring" section of the policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants-in") stipulates that programme managers are responsible for monitoring the implementation of agreements from the substantive and financial angles, as well as workplans, delivery schedules, agreement validity and any other agreement conditions with the donor and, if necessary, for proposing adjustments to agreements in the form of amendments.

50. The policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants-in") and the policy guidelines for agreements with implementing partners ("grants-out"), both approved in November 2019, stipulate in the "Retention of records" section that programme managers are responsible for submitting all signed agreements, amendments and financial and narrative reports to the Partnership and Resource Mobilization Unit by email at agreements@unitar.org for recording on the project tracking tool (ptt.unitar.org).

51. Unless otherwise specified in the agreement, programme managers shall maintain project-related records, including financial and narrative reports and related supporting documents, for a period of seven years, after which management may decide to continue retention or dispose of records.

52. The Board reviewed the documentation associated with a sample of 32 projects (out of 254, as at 31 December 2020). Further to the review, 10 projects showed various issues related to information management, as follows:

(a) In two cases, there were discrepancies in "contributions currency" between that indicated in the agreement and that registered in the project tracking tool system;

(b) In two other cases, the threshold amount above which refunds will be made, as stated in the agreement, was not recorded in the project tracking tool;

(c) In two further cases, the Board noted documents wrongly uploaded to the project tracking tool. In the first case, the first narrative report uploaded related to a different project. In the second, UNITAR had recorded a project document for which the budget was not applicable to the relevant project;

(d) In three cases there were project documents with empty sections for details such as expected results and annexes that should have been attached. Management explained that, in the first two cases, the information existed, but, for the first project, was contained in a different section of the document and, for the second, was contained in a different document. With regard to the third case, management explained that the original version of the agreement had not contained the relevant annexes, which had been added by the donor and then signed by UNITAR without adequate control of the document. In all three cases, the Board was of the view that the versions of the project documents had not been properly cleared to ensure that they contained the information that would be disclosed and treated before signing;

(e) In one case, the project document had not been updated with regard to date changes made through amendments to the initial agreement with the donor, preventing the Board from understanding the delivery schedule for the project;

(f) In another case, delivery dates for the interim progress reports committed to in the relevant agreement were not specified in the project report section, which was acknowledged by the Institute.

53. UNITAR indicated that almost all the discrepancies and misstatements found by the Board as described above are minor or immaterial. It emphasized that the project tracking tool system is not a control mechanism or an instrument used for financial reporting or decision-making. It is an online repository of information related to projects and by no means the sole repository of information. Nevertheless, the Board considers that the fact that the project tracking tool is a repository does not keep it from containing accurate information. The Board is also of the view that the discrepancies, omissions and misstatements found in the documents related to the projects could hinder effective project management and reflect a need for improvement in information management.

54. **The Board recommends that UNITAR take measures to enhance the management of project information, aiming to avoid errors and to maintain coherence between the information contained in all the documents that are part of the project cycle.**

55. UNITAR accepted the recommendation.

No-cost amendments

56. Paragraph 27 of the policy guidelines for agreements on the acceptance of contributions for specific purposes (“grants-in”), indicates that an amendment is a change made to an initial agreement which can add, remove or update parts of the agreement. The policy guidelines indicate also that amendments regarding agreement validity, project deliverables, workplan and delivery schedules are considered as no-cost amendments. In addition, the policy guidelines indicate that no-cost amendments shall contain the information in a form referred to in the policy and will be signed by the programme manager.

57. The Board of Auditors reviewed the documents related to a sample of 32 projects. The Board noted that, of those projects, 13 had no-cost amendments. However, in 4 of the 13 cases, the amendments to project agreements had not been made in accordance with the formal requirements under the policy and were supported only by an email, in which, it should be noted, no form was included.

58. Management indicated that, in no case did the email exchange contravene the provisions for amendments as contained in the relevant agreement. UNITAR also noted that the policy guidelines stated that the choice of instrument might depend on donor preferences and that donor preferences needed to be taken into consideration.

59. The Board noted that, generally, the agreements indicated only that amendments should be made by a written agreement between the parties, while one of the agreements also indicated that amendments should be signed (which was not the case with the emails). The Board considers that this provision should be applied in accordance with the policy, including the formal requirements in paragraph 27 for no-cost amendments.

60. The Board also observed that the rule cited by UNITAR is the rule in section II, paragraph 4, of the policy guidelines, which should be understood in relation to section II, paragraph 3, and sets out the instruments to be used for the acceptance of funds (which do not include emails). Paragraph 4 therefore provides only for the possibility of discussing with the donor the selection of the instrument for the acceptance of funds from those described in paragraph 3. The Board notes that there is a specific regulation with regard to no-cost amendments, contained in paragraph 27, which is the regulation that should be applied.

61. **The Board recommends that UNITAR comply with the requirements of the policy guidelines for agreements on the acceptance of contributions for specific purposes ("grants-in") with regard to the formalization of project amendments.**

62. UNITAR accepted the recommendation.

C. Disclosures by management

1. Write-off of losses of cash, receivables and property

63. UNITAR reported that there were no write-offs of cash and receivables or of losses of property for 2020.

2. Ex gratia payments

64. UNITAR reported to the Board that there were no ex-gratia payments in 2020.

3. Cases of fraud and presumptive fraud

65. UNITAR reported to the Board that there were no cases of fraud or presumptive cases of fraud during 2020.

D. Acknowledgement

66. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Executive Director of UNITAR and the members of his staff.

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors
(Lead auditor)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China

22 July 2021

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2019

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1.	2017	A/73/5/Add.5, chap. II, para. 44	The Board of Auditors recommended that UNITAR establish a roster that links consultants' performance evaluations to their respective fields of expertise.	UNITAR has contacted other entities in connection with the development of an appropriate e-recruitment system with a roster that links consultants' performance evaluations to their fields of expertise. Management considers this recommendation to be in progress and expected that the system would be developed in the following months.	The Board of Auditors is of the view that the project for an e-recruitment system is still under development and that a roster to link performance evaluations to fields of expertise is still to be established. Therefore, although the Board acknowledges the progress that has been made, this recommendation is still under implementation.		X		
2.	2018	A/74/5/Add.5, chap. II, para. 35	The Board recommended that UNITAR keep the Policy Guidelines for Agreements with Financial Implications for the Acceptance of Voluntary Contributions under review, in order to include revision by the Planning, Performance and Results Section and the Finance Budget Unit of agreements that are also below $100,000 in the context of managing the workload.	UNITAR indicated that the policy guidelines were reviewed by management during the year. UNITAR added that the procedures for the drafting, review, clearance and signature of agreements had been revised in 2020, and again in February 2021.	The Board considers that UNITAR has revised and updated the policy guidelines for agreements with financial implications for the acceptance of voluntary contributions for specific purposes. Through this revision process, UNITAR included among the required procedures the review by the Finance and Budget Unit and the Partnership and Resource Mobilization Unit. Therefore, this recommendation is considered as implemented.	X			
3.	2019	A/75/5/Add.5, chap. II, para. 26	The Board recommends that UNITAR strengthen the criteria for the approval of exceptions to the standard full cost recovery and consider the analysis with the financial implications carried out by the Finance and Budget	UNITAR indicated that the criteria for cost recovery exceptions are linked to moving to a new cost recovery model that was discussed with the Board of Trustees and the Finance Committee in November 2019 and 2020, which was aimed at responding	The Institute's governing bodies have analysed the situation pointed out by the Board, resolving to take measures to change the full cost recovery collection system. In addition, it was noted that those measures are expected to be implemented by		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			Unit prior to the signature of the agreements, in order to avoid future negative cost recovery gaps.	to transparency and traceability needs. It is also linked to the work under way on the new enterprise resource planning system (Oracle). A prototype tool had been developed by the Finance and Budget Unit that identified unit costs, cost pools (i.e., service lines), cost drivers (i.e., types of services used) and presented to the Finance Committee and the Board of Trustees. Management was of the view that, owing to the uncertainties with the development of the new enterprise resource planning system and the changing business models post-COVID-19, the timing was not right to modify a cost recovery model and the criteria for exceptions and agreed with the Board of Trustees that towards the end of 2022 would be a more appropriate time for implementing the recommendation.	2022. Hence, at present, this recommendation is under implementation.				
4.	2019	A/75/5/Add.5, chap. II, para. 27	The Board further recommends that UNITAR modify administrative circular AC/UNITAR/2019/18 to include the procedures related to the management of Junior Professional Officers programmes.	The administrative circular on cost recovery has been revised to include the application with respect to the Junior Professional Officers programme. Management considers this as "implemented".	The Board verified that, in accordance with the introductory part of the current text of the cost recovery policy: guidance, documentation of exceptions and non-standard arrangements and the cost recovery policy for the Junior Professional Officers programme, one of the themes covered in the policy revision is the addition of a programme support costs rate	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					in the case of Junior Programme Officers sponsored by member States. Paragraph 16 of the policy stipulates that, for arrangements related to Junior Professional Officers, a standard cost recovery rate of 12 per cent towards programme support cost (0 per cent of direct support costs) will be applied. Where a donor country outsources the full recruitment process to UNITAR, the programme support costs rate applicable will be 14 per cent. This recommendation is considered as implemented.				
5.	2019	A/75/5/Add.5, chap. II, para. 35	The Board recommends that UNITAR reinforce the compliance of the criteria for authorization relating to the revolving loan fund with the criteria established in administrative circular AC/UNITAR/2016/12, taking into consideration the exceptional nature of that fund, and consider the financial analysis and recommendations prior to the loan approval in order to avoid future loans not being recovered and to ensure the financial sustainability of the operations of the Institute.	The matters were discussed and reviewed with the Finance Committee, which found that no additional criteria were needed and that there were no issues with the rules but rather their application. The Committee took note of the observations and management's commitment to strictly adhering to the established conditions, criteria and procedures for the revolving loan fund. A message to all programme managers on reinforcing the criteria for applying for loans has been issued.	The Board noted that UNITAR has taken several measures to implement the recommendation. First, the recommendation was reported to both the Finance Committee and the Board of Trustees, which agreed to take measures to reinforce adherence to the criteria for loan granting from the revolving loan fund. Additionally, UNITAR informed the programme managers of the strict application of the criteria announced in administrative circular AC/UNITAR/2016/12 on the use of the revolving loan fund from non-earmarked resources for special purpose grant projects. Likewise, the Board compared the number of revolving loan	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					fund requests made during 2020 and those made during 2019 and noted that it had dropped significantly, from 17 to only 6. Of the six requests made during 2020, only two had required exceptional approval by the Executive Director and the loans granted had already been paid back at the time of the review. In conclusion, considering the significant drop in the use of the revolving loan fund during 2020 and that the exceptional approval by the Executive Director had been granted only under extraordinary circumstances, as required under the policy, this recommendation is considered as implemented.				
6.	2019	A/75/5/Add.5, chap. II, para. 40	The Board recommends that UNITAR improve its annual procurement plan by demanding more standard information and enhancing data such as types of goods or services, quantity, estimated value and delivery date.	The new acquisition template was prepared in accordance with the United Nations Procurement Manual. Under another audit recommendation, the entity has also updated the UNITAR procurement guidelines to bring them into line with the Procurement Manual. Therefore, the UNITAR procurement guidelines refer back to that new acquisition template.	Verification of this recommendation relied on the analysis of the current template for the annual procurement plan, with the aim of verifying whether the required improvements had been made and the alignment of the plan with the United Nations Procurement Manual. As seen in the annual procurement plan, UNITAR has improved the standardization of the information in the procurement plan, in accordance with the Board's recommendation, by aligning the plan with the requirements established in the Procurement Manual, in	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Board's recommendation*	*Management/Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
					section 4.1 "Demand planning and acquisition planning". Therefore, this recommendation is considered as implemented.				
7.	2019	A/75/5/Add.5, chap. II, para. 48	The Board recommends that UNITAR keep an accurate and updated record in Atlas regarding purchase orders and improve the monitoring and control of the information available in the system and its related reportability.	Joint actions were taken by the Procurement Unit and the Finance Unit to ensure that in all vendor payments the currency in the request for proposal is the same as the currency on the purchase order and the currency of payment (unless the vendor requests the equivalent United Nations Operational Rates of Exchange in another currency). Joint staff meetings between the units were conducted to ensure that no change in currency is made that is different from the request for proposal and the purchase order. Quarterly monitoring reports are being developed to see if there is any slippage in these arrangements. From June to December 2020, no purchase orders were cancelled rather than closed.	The Board analysed the measures taken in the joint staff meeting and the reports submitted by the Institute. The Board noted that UNITAR has been issuing quarterly reports on closed and cancelled purchase orders without a payment related to them since June 2020. The Board also noted that the monitoring exercises performed were effective for the accurate recording process for procurement-related purchase orders. Therefore, the Board considers this recommendation as implemented.	X			
8.	2019	A/75/5/Add.5, chap. II, para. 55	The Board recommends that UNITAR update and align the guidelines on procurement with the United Nations Procurement Manual, formalize them in the appropriate administrative circular, and make them available to all the staff.	The procurement guidelines have been updated as recommended and formally reissued. The revised guidelines in the administrative circular on delegation of authority have been issued. Guidelines on the procurement process are provided in annex I.	The Board analysed whether the procurement guidelines had been formalized and whether they were aligned with the thresholds indicated in the Procurement Manual. Further to its analysis, the Board noted that the administrative circular had been signed by the Executive Director of UNITAR and that the threshold requirements for formal	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					methods of solicitation are aligned with those indicated in the Procurement Manual. Therefore, this recommendation is considered as implemented.				
9.	2019	A/75/5/Add.5, chap. II, para. 62	The Board recommends that UNITAR evaluate the feasibility of automating the request for the purchase of goods and services through Atlas or an alternative tool.	UNITAR analysed the feasibility of an alternate tool to automate requests for proposals and released a new web-based procurement database. The database allows programmes to create, complete and submit requests for proposals and invoices to the Administration Unit and Procurement Unit; to store all documents from requests for proposals in a single centralized location; to track the status of each request and invoice submitted; to send purchase order notifications via the portal to keep programmes informed about the status of their request and/or invoice submitted.	The Board noted that UNITAR had implemented the purchase request tool, a web-based system for the creation and submission of requests for proposals, which tracks the status of the request and stores supporting documents. Therefore, the recommendation is considered as implemented.	X			
10.	2019	A/75/5/Add.5, chap. II, para. 63	The Board recommends that UNITAR improve the receipt-of-goods and/or services process by including the requisitioners in Atlas, taking into consideration that they are responsible for carrying out that part of the process. Alternatively, UNITAR could consider adding the receipt process in Atlas to the functions of the	Further to the observations and recommendation, the role of the information and communications technology (ICT) specialist in entering receipts in Atlas has ceased. All relevant receipts in Atlas are now being entered only by the Procurement Unit or Human Resources Unit, which are the appropriate receivers. The ICT specialist, has not entered receipts since June 2020.	The Board verified that UNITAR had included in Atlas the procurement and human resources professionals for the receipt-of-goods-and/or-services process. The Board noted that, since June 2020, no receipts for goods and services had been entered by the ICT specialist. Therefore, this recommendation is considered as implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			information technology specialist functions and assigning to that specialist the proper role and accountability for that part of the procurement process.						
11.	2019	A/75/5/Add.5, chap. II, para. 70	The Board recommends that UNITAR ensure that all the documentation related to the projects are registered in the project tracking tool in a timely manner, in accordance with the Policy guidelines for agreements with implementing partners and the policy guidelines for agreements on the acceptance of contributions for specific purposes.	Management reviewed and revised the project tracking tool in 2020 and updated the automated messages sent from the project tracking tool to the Programme Unit staff member responsible for reminders on reporting requirements at four different intervals (60 days before the due date, 30 days before the due date, on the due date and 15 days after the due date). Management revised the procedures for the drafting, review, clearance and signature to ensure that agreements are sent directly to agreements@unitar.org by the office of the UNITAR signatory, to be recorded in the project tracking tool. As of the end of 2020, the Partnership and Resource Mobilization Unit and the Finance and Budget Unit are undertaking quarterly reconciliation of projects agreements recorded in the project tracking tool, since the project tracking tool and Atlas are separate and distinct systems.	The Board analysed the information provided by UNITAR and noted that, in order to implement this recommendation, from December 2020, management had updated the automated messages sent from the project tracking tool to the Programme Unit staff member responsible for reminders on reporting requirements. When analysing the version submitted of the revision to procedures for the review, clearance and signature of financial and non-financial agreements, approved in February 2021, the Board noted that it expressly indicates that the Director of the Division of Operations after signing an agreement, also submits the signed agreement, and any annexes referred to, to the Partnership and Resource Mobilization Unit to be recorded in the project tracking tool. The Board took a sample of 32 projects to analyse the information and documentation related to them. The Board noted that there were 13 projects for which documents		X		

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					had not been uploaded to the project tracking tool at the time of the review. Management indicated that there was no deadline for uploading the documents and gave the reasons for their absence, which relate to the fact that the controls were established after the due date for the reports or referred to reports that were included in the enterprise resource planning system but not in the project tracking tool. The Board is of the view that the time taken by UNITAR to make the documents available in the project tracking tool did not allow for proper access to information at the audit review. The Board noted that more time for the controls to become embedded in the practices of the organization and its personnel and gain in efficacy, especially considering that they were put in place at the end of 2020. Therefore, this recommendation is considered as under implementation.				
12.	2019	A/75/5/Add.5, chap. II, para. 76	The Board recommends that UNITAR develop guidelines aimed at keeping its intranet permanently updated.	UNITAR submitted the guidelines developed and informed the Board that they are available on the intranet, attaching a screenshot of the document uploaded. UNITAR reported that quarterly reviews and updates of its intranet by all resource page owners were carried out in November 2020 and February 2021. Emails	The Board reviewed the guidelines submitted by UNITAR to determine whether they contained the procedures for keeping its intranet website updated. The Board noted that the guidelines include procedures relating to new documents, obsolete documents, quarterly reviews of all documents or links and	X			

No.	*Audit report year*	*Report reference*	*Board's recommendation*	*Management/Administration's response*	*Board's assessment*	*Status after verification* *Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
				requesting the reviews were submitted.	the uploading of administrative circulars. The Board verified that UNITAR is also issuing quarterly reports to assess whether obsolete documents are still circulating on the intranet site. Therefore, the Board considers that this recommendation is implemented.				
13.	2019	A/75/5/Add.5, chap. II, para. 84	The Board recommends that UNITAR identify and take the necessary measures to perform, in a timely manner, the removal of user accounts in agreement with the information and communications technology policy.	The Division for Operations had several discussions on how to keep track of each employee's onboarding and separation documents and access rights. UNITAR described the forms and procedures for onboarding and separation required by each unit within the Division and mentioned that the removal of user accounts was now carried out in a timely manner, in accordance with the ICT policy. This was done using the current email address database, which is updated by both the Communications and Information Technology Support Unit and the programme focal points. In addition, UNITAR is developing a new platform aimed at improving the process, which covers not only email creation and/or deletion but also all other items for onboarding and separation.	The Board analysed the documents submitted and verified the user accounts for separated UNITAR personnel. The Board noted the establishment of a procedure for staff onboarding and separation which indicates the steps to be taken for account deprovisioning at staff separation. The Board verified the existence of accounts remaining for separated personnel and identified no cases of accounts that had not been deprovisioned. Hence this recommendation is considered as implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
14.	2019	A/75/5/Add.5, chap. II, para. 85	The Board recommends that UNITAR include in its information and communications technology policy a formal procedure related to requests for the elimination of email accounts.	UNITAR issued its revised ICT policy in October 2020 and submitted it to the Board for analysis.	The Board reviewed the revised ICT policy (AC/UNITAR/2020/12) and noted that it included a procedure for requesting the elimination of email accounts. The policy was formalized and communicated to UNITAR staff in October 2020. Therefore, this recommendation is considered implemented.	X			
15.	2019	A/75/5/Add.5, chap. II, para. 93	The Board recommends that UNITAR undertake a proper risk assessment before signing a new hosting agreement, in order to identify and assess possible risks that could impact the operations of UNITAR.	When the Board issued the recommendation, UNITAR interpreted it in the context of the audit findings as referring to new partnerships to be hosted by UNITAR (as opposed to agreements that UNITAR may sign in conjunction with work performed by hosted partnerships, which could be understood as "hosted agency agreements"). The only such agreement that has been signed to date is the operations agreement with the Defeat Non-Communicable Diseases Partnership. In accordance with the Board's recommendation, a policy on the conditions and risk assessment criteria for hosted partnerships and related hosted arrangements was developed (see A/75/5/Add.5, chap. II, para. 93). The policy was submitted to and approved by the Board of Trustees in	The Board noted that UNITAR submitted the Defeat Non-Communicable Diseases Partnership risk assessment to the Board of Trustees in November 2019, and that it was updated in October 2020. The Board also noted that, by the time of the review, the only agency hosted by UNITAR was the Defeat Non-Communicable Diseases Partnership. In addition, the Board analysed the new UNITAR policy on conditions and risk assessment criteria for hosted partnerships and related hosted arrangements, noting that it requires the performance of a due diligence risk assessment before negotiation of the terms or the conclusion of an agreement between UNITAR and the partner. Therefore, this recommendation is assessed as implemented.	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				November 2020 and issued as an administrative circular. The policy stipulates that a risk assessment in accordance with risk criteria shall be performed prior to the signing of a new hosted partnership agreement.					
16.	2019	A/75/5/Add.5, chap. II, para. 94	The Board recommends that UNITAR develop a policy or guidelines in which the requirements, conditions and obligations for hosted agencies agreements are specified.	A policy on conditions and risk assessment criteria for hosted partnerships and related hosted arrangements was developed pursuant to the Board's recommendation. The policy was submitted to and approved by the Board of Trustees in November 2020 and issued as an administrative circular (supplied to the Board). Therefore, management considered the recommendation to be implemented.	The Board noted that UNITAR had issued administrative circular AC/UNITAR/2020/17, containing the policy on conditions and risk assessment criteria for hosted partnerships and related hosted arrangements. The administrative circular promulgated the policy as approved by the Board of Trustees at its sixty-first session and the rules on the conditions, requirements and obligations for hosted agencies. Therefore, this recommendation is considered as implemented.	X			
17.	2019	A/75/5/Add.5, chap. II, para. 102	The Board recommends that UNITAR follow up on the risk assessment related to conflicts of interest and review and monitor the mitigation measures identified in the risk register, in accordance with the Enterprise Risk Management Policy of UNITAR.	UNITAR submitted the current version of the risk register database. The review of the mitigation measures reported in the risk register in the first quarter of 2019 was performed in 2020 and finalized in the first quarter of 2021 (supplied to the Board). As indicated in the risk register, management is taking action in 2021 on the implementation of required actions that were identified in the review. Management	The Board analysed the risk register measures and the document on the review of possible conflicts of interest for key functions of 18 January 2021. The Board noted that, according to the risk register, a review of possible institutional conflict of interest should be undertaken by September 2020, in response to the 2019 audit recommendation, and submitted to the Executive Director. It indicated that	X			

No.	Audit report year	Report reference	Board's recommendation	Management/Administration's response	Board's assessment	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
				considers the recommendation to be implemented.	follow-up action would be undertaken as required to prevent, mitigate, resolve or tolerate conflict-of-interest risks. In addition, the risk register indicated that the review should be completed by the first quarter of 2021 and shared with management regarding actions being taken on areas to further address conflict of interest in 2021. The document on the review of possible conflicts of interest for key functions of 18 January 2021 identifies the actions taken in various areas of UNITAR activities with regard to conflict of interest. The document also refers to the cases in which no further actions should be adopted and identifying the cases in which additional measures will be implemented (as well as their schedule). Therefore this recommendation is considered as implemented.				
Total number of recommendations						**14**	**3**	**–**	**–**
Percentage of the total number of recommendations						**82**	**18**	**–**	**–**

Chapter III
Certification of the financial statements

Letter dated 24 March 2021 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Institute for Training and Research for the year ended 31 December 2020 have been prepared in accordance with financial regulation 6.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarifications of the financial activities undertaken by the Institute during the period covered by these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to V, are correct in all material respects.

(*Signed*) Chandramouli **Ramanathan**
Assistant Secretary-General
Controller

Chapter IV
Financial report for the year ended 31 December 2020

A. Introduction

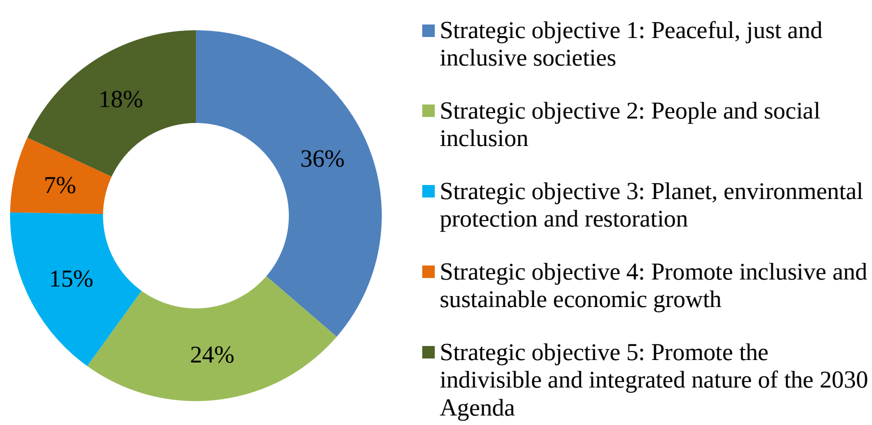
1. The Executive Director has the honour to submit the financial report on the financial statements of the United Nations Institute for Training and Research (UNITAR) for the year ended 31 December 2020.

2. The present report is designed to be read in conjunction with the financial statements for UNITAR for the year ended 31 December 2020. The report provides an overview of the position and performance of UNITAR, highlighting trends and significant movements. The annex to the present report provides supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules of the United Nations.

3. UNITAR is a dedicated training arm of the United Nations. With the aim of strengthening the effectiveness of the United Nations, the mission of UNITAR is to develop the individual, institutional and organizational capacities of countries and other United Nations stakeholders through high-quality learning solutions and related knowledge products and services to enhance decision-making and to support country-level action for overcoming global challenges. The strategic framework for 2018–2021 organizes the Institute's programming under the peace, people, planet and prosperity pillars of the 2030 Agenda, in addition to one that reflects cross-fertilization of knowledge, incorporating strategic implementation of the 2030 Agenda and satellite imagery analysis for evidence-based decision-making. Since August 2019, UNITAR has hosted the Defeat-Non-communicable Diseases Partnership through an operations agreement.

4. While the UNITAR programme budget for the biennium 2020–2021 contributes to 15 of the 17 Sustainable Development Goals, most results areas are aligned to Goals 4 (quality education), 8 (decent work and economic growth), 16 (peace, justice and strong institutions) and 17 (partnerships for the Goals). The proportion of the 2020–2021 budget corresponding to each of the five strategic objectives is shown in figure IV.I.

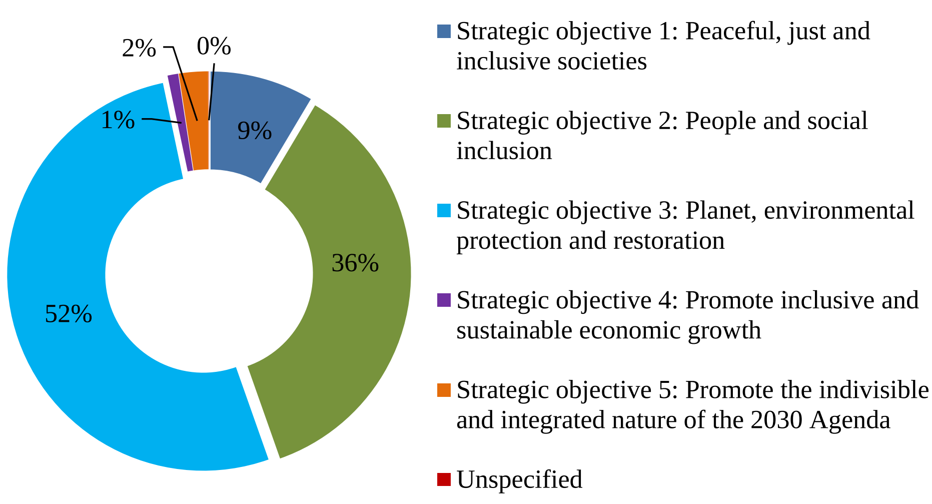
Figure IV.I
2020–2021 programme budget by strategic objective



5. During 2020, UNITAR operations were affected by COVID-19. On 11 March 2020, COVID-19 was declared a global pandemic by the World Health Organization (WHO). The impact on UNITAR was noted in discussions by the Board of Trustees in its consideration of the revised programme budget for 2020–2021 and included inter alia decreases in contribution agreements signed with Member States and lower investment revenue as compared with 2019. UNITAR maintained business continuity by converting a significant portion of planned in-person training activities to online delivery, leading to increased e-learning costs.

6. During 2020, UNITAR made progress towards the achievement of its objectives through the provision of training, learning and knowledge-sharing services to 322,410 beneficiaries (representing an increase of 142 per cent from the 2019 figure of 133,039) and the highest number of total beneficiaries in the Institute's history. As shown in figure IV.II, 97 per cent of beneficiaries were associated with programming related to the peace, people and planet pillars. Sixty-five per cent of UNITAR beneficiaries took part in events with specific learning outcomes in 2020. The number of such beneficiaries increased by 127 per cent, from 92,378 in 2019 to 209,881 in 2020. This marked increase is largely attributed to the continued delivery of the introductory e-learning course on climate change and climate-related specialized courses, administered in partnership with agencies of the One United Nations Climate Change Learning Partnership, and to the increase in the number of beneficiaries from activities of the International Training Centres for Authorities and Leaders Global Network.

Figure IV.II
Beneficiaries by strategic objective



Note: Beneficiaries under strategic objective 2 include Multilateral Diplomacy Programme beneficiaries recorded as cross-cutting

7. The 2020 outputs were produced with a revised budget of $32.519 million (2019: $29.489 million) and actual expenditure of $35.013 million (2019: $25.866 million) on a budget basis and the delivery of 896 events (2019: 671 events). In 2020, UNITAR significantly improved its outreach to female beneficiaries and reversed the male-female gender ratio from previous years, with a male-to-female gender ratio of learning beneficiaries of 44:51 (with 5 per cent indicating "other") (2019: 57:42).

8. UNITAR serves a broad-based group of constituencies, with 10 per cent (2019: 22 per cent) of its learning-related beneficiaries coming from government; 49 per cent

(2019: 47 per cent) from non-State sectors, including non-governmental organizations, academia and businesses; 6 per cent (2019: 9 per cent) from the United Nations and other international organizations; and 35 per cent (2019: 22 per cent) from other sectors.

9. UNITAR uses a strong partnership strategy to deliver high-quality training, combining the substantive expertise of United Nations entities and other institutions with its own expertise in programming, instructional design and adult learning. Some 93 per cent of beneficiaries participated in learning-related events implemented with partners. Partners have included organizations as diverse as other United Nations entities, regional organizations, national training institutes, foundations, universities, non-governmental organizations and the private sector.

B. Overview of the financial statements for the year ended 31 December 2020

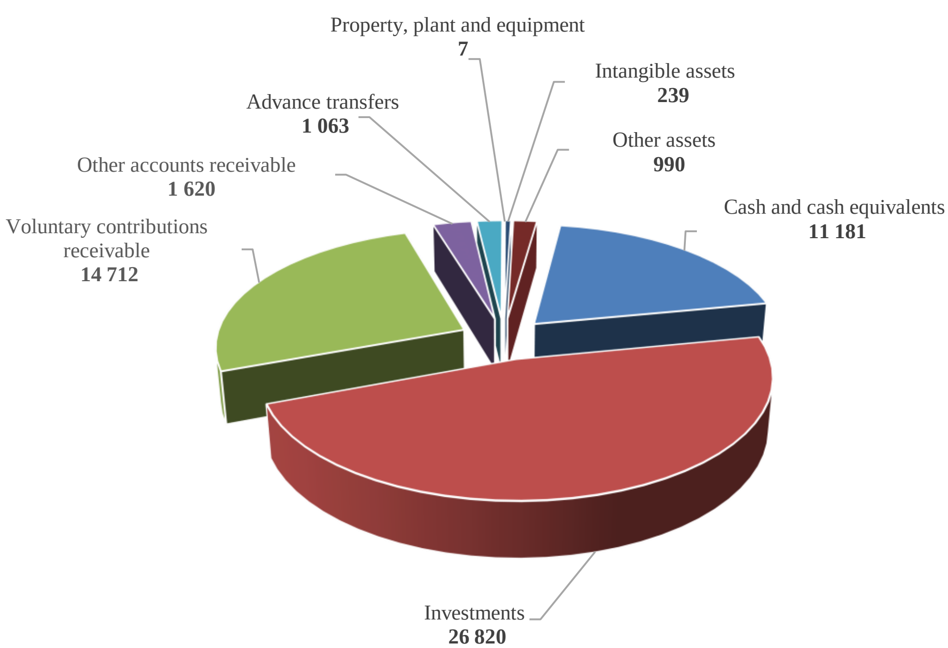
10. Financial statements I, II, III, IV and V show the financial results of the activities of UNITAR and its financial position as at 31 December 2020. The notes to the financial statements explain the Institute's accounting and financial reporting policies and provide additional information on the individual amounts contained in the statements.

Financial position

Assets

11. UNITAR reports an increase in total assets of $3.848 million as at 31 December 2020 from the balance of $52.784 million reported as at 31 December 2019, to the current $56.632 million. Figure IV.III sets out the structure of the Institute's assets as at 31 December 2020.

Figure IV.III
Total assets as at 31 December 2020
(Thousands of United States dollars)



12. As shown in figure IV.III, the Institute's assets largely comprised voluntary contributions receivable from donors of $14.712 million, or 26.0 per cent (2019: $14.834 million, or 28.1 per cent), investments reported at $26.820 million, or 47.4 per cent (2019: $21.836 million, or 41.4 per cent) and cash and cash equivalents totalling $11.181 million, or 19.7 per cent (2019: $6.735 million, or 12.8 per cent). The remainder comprised 1.9 per cent (2019: 2.3 per cent) as advances transferred to implementing partners of $1.063 million (2019: $1.224 million), other accounts receivable of $1.620 million (2019: $1.119 million), other assets of $0.990 million (2019: $5.836 million), and property, plant and equipment of $0.007 million (2019: $0.007 million).

13. Cash and cash equivalents and investments as at 31 December 2020 were reported at $38.001 million (2019: $28.571 million), comprising $16.028 million (2019: nil) invested in short-term and long-term bonds, $19.995 million in other money market instruments, $1.880 in money market funds and $0.097 million (2019: $0.739 million) in cash. The overall cash, cash equivalents and investments balance represent an increase of $9.430 million (33.0 per cent) compared with the balance held at the end of 2019.

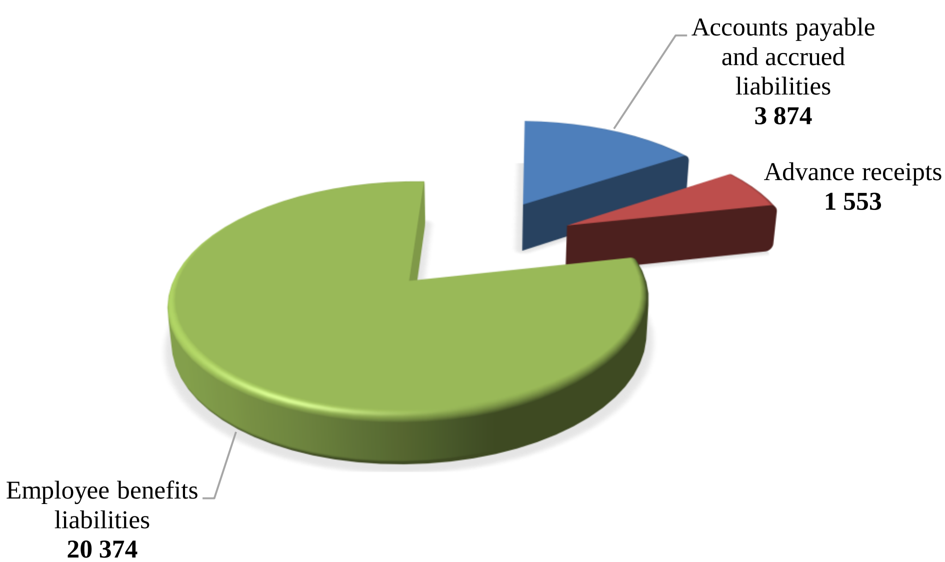
14. From the total accounts receivable value of $16.332 million as at 31 December 2020, $13.406 million is expected to be received in 2021 and the balance of $2.926 million is expected after 2021. The receivables above include $5.678 million that are subject to general stipulations in the agreements, but which did not meet the conditions that would require them to be specified under International Public Sector Accounting Standard (IPSAS) 23.

Liabilities

15. Liabilities as at 31 December 2020 totalled $25.801 million, compared with the balance of $20.797 million as at 31 December 2019.

16. Figure IV.IV sets out the structure of the Institute's liabilities as at 31 December 2020.

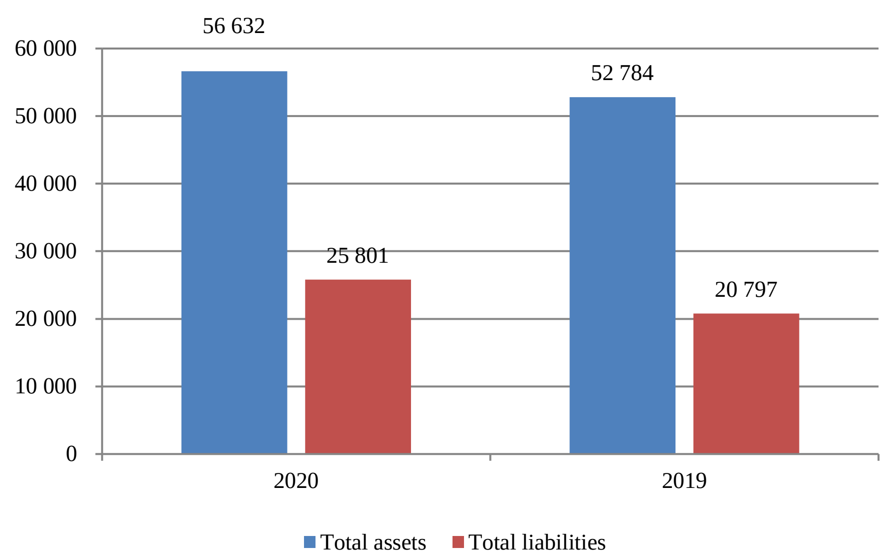
Figure IV.IV
Total liabilities as at 31 December 2020
(Thousands of United States dollars)



17. The main component of the Institute's liabilities was the employee benefits earned by staff members and retirees but not paid at the reporting date; primarily, these were liabilities for after-service health insurance. Employee benefits liabilities accounted for $20.374 million, representing 79.0 per cent of the Institute's total liabilities, and are explained in detail in note 16 to the financial statements. The increase in employee benefits liabilities by $1.601 million from the $18.773 million reported in 2019 (90.3 per cent of total liabilities) was mainly the result of recognizing interest and service costs of $1.169 million. There was an actuarial loss of $0.553 million (2019: $7.515 million loss) that arose from changes in discount rates, contribution rates for United Nations medical insurance, medical inflation and assumptions in per capita claims. Interest and service costs were $1.169 million (2019: $0.843 million).

18. Advance receipts amounted to $1.553 million (2019: $0.783 million). In addition, accounts payable and accrued liabilities stood at $3.874 million (2019: $1.241 million); this amount relates primarily to payables to vendors in the amount of $2.070 million, payables to other Secretariat reporting entities of $0.053 million, accruals for goods and services of $0.876 million and $0.875 million in other liabilities such as pending refunds to donors.

Figure IV.V
Movement in assets and liabilities as at 31 December 2020
(Thousands of United States dollars)



19. Figure IV.V shows an increase of 7.3 per cent in the assets held, from $52.784 million reported for 2019 to $56.632 million reported for 2020, and a 24.1 per cent increase in liabilities, from $20.797 million reported for 2019 to $25.801 million reported for 2020. The liability/asset ratio remained steady in 2020 at 45.6 per cent, compared with 39.4 per cent reported for 2019.

Net assets

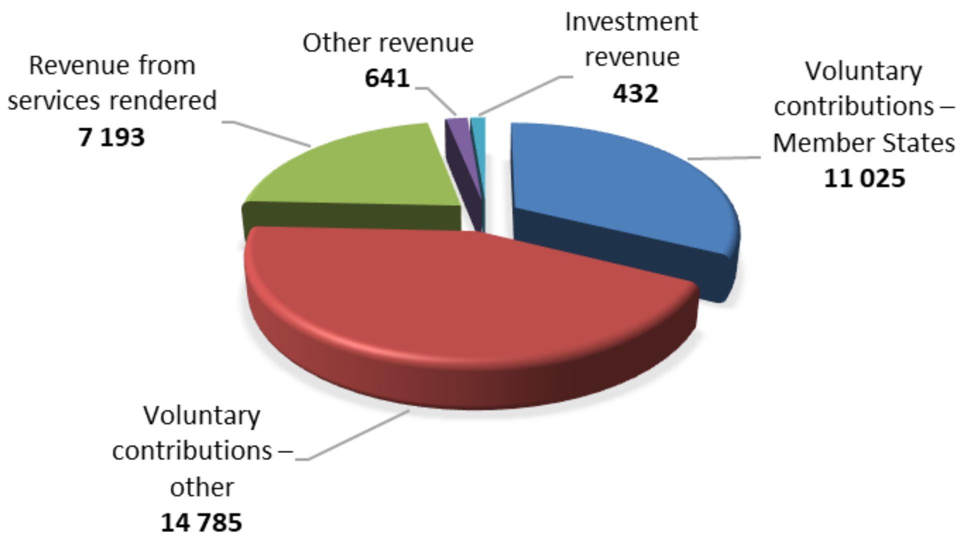
20. The movement in net assets during the year shows a decrease of $1.156 million from the net assets of $31.987 million at the end of 2019, reflecting an operating deficit of $0.603 million and an actuarial loss of $0.553 million.

Financial performance

Revenues

21. In 2020, total revenue amounted to $34.076 million and was structured as shown in figure IV.VI.

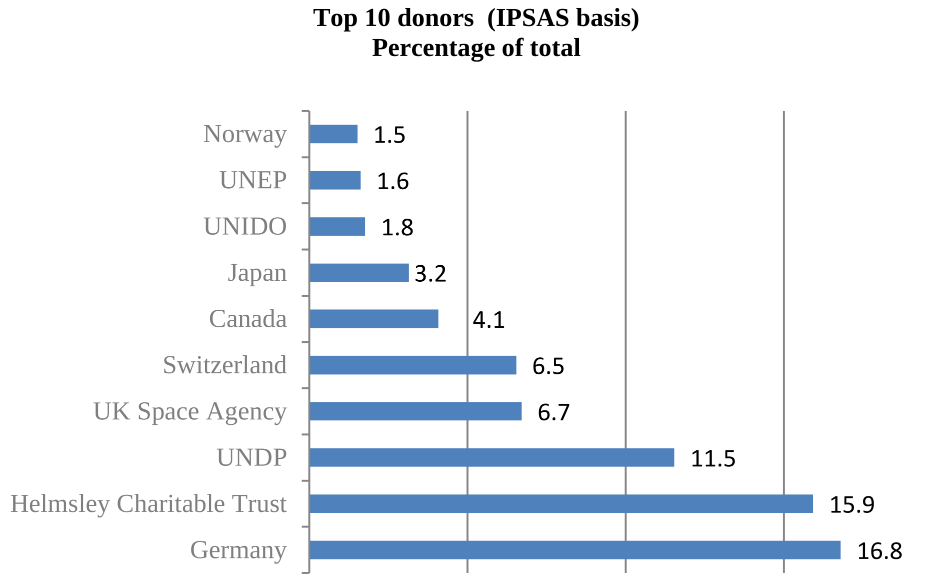
Figure IV.VI
Total revenue as at 31 December 2020
(Thousands of United States dollars)



22. As shown in figure IV.VI, the main sources of revenue were: (a) voluntary contributions of $11.025 million received from Member States, or 32.4 per cent of total revenue (2019: $23.612 million, or 52.5 per cent); (b) other voluntary contributions of $14.785 million, or 43.4 per cent (2019: $13.806 million, or 30.7 per cent), comprising (i) contributions of $13.344 million received from other donors and (ii) contributions in kind of $1.617 million, consisting of a rental subsidy of $0.628 million (2019: $0.604 million) for the year (representing the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNITAR) and the satellite images received from the United States Government valued at $0.990 million; and (c) revenue from services rendered of $7.193 million, or 21.1 per cent (2019: $6.861 million, or 15.3 per cent). The revenue for rendering services includes fees collected for a range of face-to-face and e-learning training courses, sales of satellite imagery analysis and affiliations fees. Investment revenue, which represented 1.27 per cent of total revenue, decreased to $0.432 million from the $0.620 million reported in 2019.

23. UNITAR is heavily reliant on a small number of donors; it was noted that the top 10 donors contributed 71.8 per cent of the total donor contributions for the year. Figure IV.VII shows the top 10 donors on an IPSAS basis and cash basis. The contributions include revenue received for services rendered whose donors were also the beneficiaries of the services rendered.

Figure IV.VII
Top 10 donors of voluntary contributions (excludes in-kind contributions)

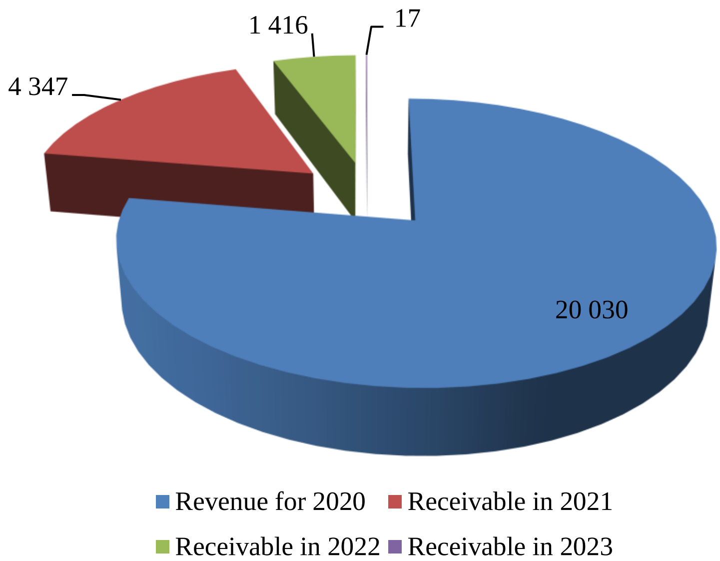


Abbreviations: UNDP, United Nations Development Programme; UNEP, United Nations Environment Programme; UNIDO, United Nations Industrial Development Organization.

Abbreviation: UNDP, United Nations Development Programme.

24. Voluntary contributions recognized in 2020 on an IPSAS basis include a few high-value multi-year donor agreements with contributions balances receivable during the period 2020–2023. The revenues from such multi-year agreements that are recognized in 2020 with receivables in future years are shown in figure IV.VIII.

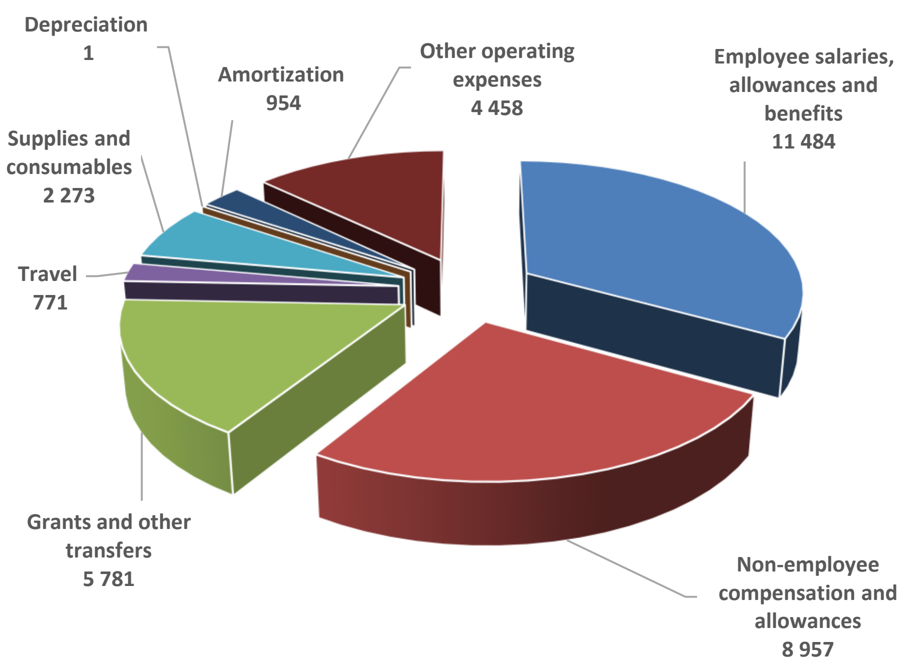
Figure IV.VIII
Voluntary contributions for 2020 showing current-year and future-year portions
(Thousands of United States dollars)



Expenses

25. For the year ended 31 December 2020, expenses totalled $34.679 million. The various categories of expenditure are shown in figure IV.IX

Figure IV.IX
Total expenses as at 31 December 2020
(Thousands of United States dollars)

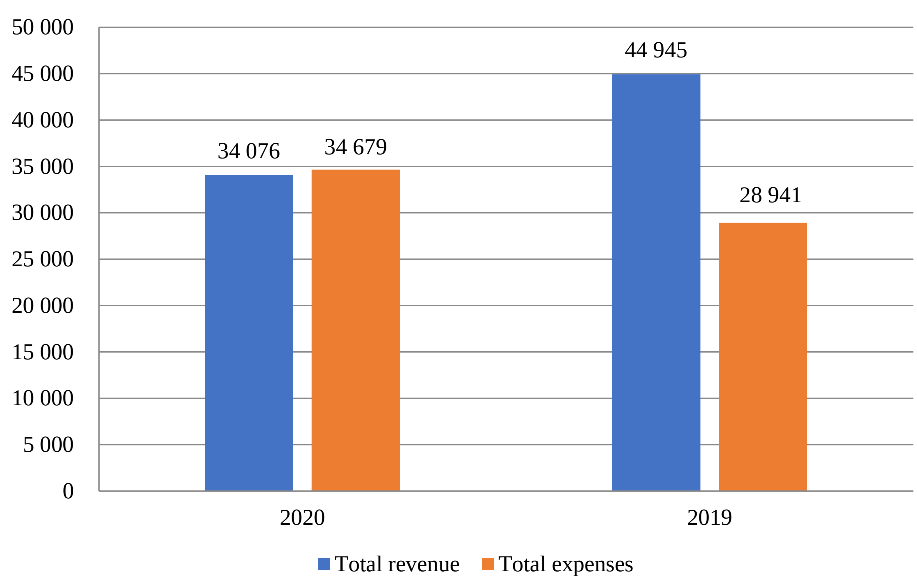


26. An increase of 19.8 per cent in total expenses was reported from the total expense amount of $28.941 million reported in 2019 (see figure IV.X). The main expense categories were staff costs of $11.484 million, or 33.1 per cent (2019: $10.032 million, or 34.7 per cent), non-employee compensation and allowances of $8.957 million, or 25.8 per cent (2019: $6.347 million, or 21.9 per cent), grants and other transfers of $5.781 million, or 16.7 per cent (2019: $3.262 million, or 11.3 per cent), and travel of $0.771 million, or 2.2 per cent (2019: $3.216 million, or 11.1 per cent). Other operating expenses of $4.288 million (2019: $4.022 million), supplies and consumables of $2.273 million (2019: $1.823 million), amortization of intangible in-kind assets of $0.954 million (2019: $0.239 million) make up the remaining 22.2 per cent of total expenses (2019: 21.0 per cent).

27. Other operating costs exclude $2.150 million in programme support costs, as well as $3.689 million in direct service costs generated by the implementation of project activities. As set by the UNITAR Board of Trustees, all special purpose grants income is assessed at an aggregate rate of 18 or 13 per cent, depending on expected expenditure structure, to provide for programme support costs and direct service costs generated by the implementation of project activities. Programme support costs and direct service costs are included in the project expenses and constitute revenue for the operations/support services segment but are eliminated for financial statement reporting purposes. Details of the elimination are included in paragraphs 75 (note 3) and 88 (note 5) of the notes to the financial statements.

28. Total personnel costs, which include employee and non-employee compensation and allowances, amounted to $20.441 million (2019: $16.380 million). Total personnel costs represent 60.0 per cent of the total revenue, which was reported at $34.076 million for the year.

Figure IV.X
Movement in revenue and expenses
(Thousands of United States dollars)



29. There was an overall decrease of $10.869 million (-24.2 per cent) in total revenue compared with the revenue reported in 2019, as shown in figure IV.X. The net voluntary contributions include $0.991 million in accounting adjustments to revenues, which were impaired, arising out of a case-by-case assessment of the

contributions receivable. The main reasons for making these accounting adjustments were premature termination of the projects by the donors ($0.895 million) and reduction of budgets by the donors ($0.096 million). Both these reasons are related to the impact of the COVID-19 situation and changing funding priorities for the donors.

30. On the other hand, the overall expenses showed an increase of $5.738 million (19.8 per cent) over 2019. The sources of significant increases were $1.452 million in expenses for employee salaries, allowances and benefits (14.5 per cent), $2.610 million in non-employee compensation and allowances (41.1 per cent), $2.519 million in grants and other transfers (77.2 per cent), $0.450 in supplies and consumables (24.7 per cent) and $0.436 million in other operating expenses (6.6 per cent). These increases were offset by decreases in costs of travel by $2.445 million (-76.0 per cent).

Operating results

31. The net deficit in revenue over expense in 2020 is reported at $0.603 million, compared with the surplus of $16.004 million in 2019. The large voluntary contributions receivable balance relates to a few high-value multi-year donor agreements with contributions balances receivable during the period from 2021 to 2023. Fluctuations in operating results are attributed to the timing difference in respect of recognizing revenue and related expenditure in line with provisions of IPSAS, whereby revenue from non-exchange transactions can be recognized in one financial year and the related expenses recorded in another, in particular where agreements are signed late in the financial year and span a multi-year period.

Liquidity position

32. As at 31 December 2020, the liquidity position of UNITAR was stable; the entity had sufficient liquid assets to settle its obligations. Liquid funds showed an increase of $8.599 million from the level of $38.229 million reported as at 31 December 2019. The total liquid funds of $46.828 million comprise cash and cash equivalents of $11.181 million, or 23.9 per cent (2019: $6.735 million, or 17.6 per cent), short-term investments of $22.241 million, or 47.5 per cent (2019: $19.673 million, or 51.5 per cent), and accounts receivables of $13.406 million, or 28.6 per cent (2019: $11.821 million, or 30.9 per cent). UNITAR invested its funds in short-term and long-term time deposits, bonds and other money market instruments and funds. Total current liabilities amounted to $5.865 million (2019: $2.450 million) and total liabilities amounted to $25.801 million (2019: $20.787 million).

33. The table below summarizes four key liquidity indicators for the financial year ended 31 December 2020 with comparatives for the year ended 31 December 2019.

	Year ended 31 December	
Liquidity indicator	*2020*	*2019*
Ratio of liquid assets to current liabilities	8.0:1	15.6:1
Ratio of liquid assets less accounts receivable to current liabilities	5.7:1	10.8:1
Ratio of liquid assets to total assets	0.83:1	0.72:1
Average months of liquid assets less accounts receivable on hand	11.9	11.0

34. The ratio of liquid assets to current liabilities indicates the ability of UNITAR to pay its short-term obligations from its liquid resources. The ratio of 8.0:1 indicates that current liabilities are covered eight times by liquid assets and, therefore, there are sufficient liquid assets available to fully pay current liabilities should the need arise.

When accounts receivables are excluded from the analysis, the coverage of current obligations is at 5.7 for the current year, compared with 10.8 for the previous year.

35. As at 31 December 2020, the Institute's liquid assets were about 87 per cent of its total assets and it held sufficient cash and cash equivalents and short-term investments to cover its estimated average monthly expenses of $2.808 million for 11.9 months, compared with 11.0 months at the end of 2019.

36. As at the reporting date, UNITAR had employee benefits liabilities of $20.374 million, of which $20.145 million relates to defined-benefit liabilities. With total cash and cash equivalents and investments of $38.001 million, the employee benefits liability is covered by 187 per cent. Furthermore, 20.7 per cent of the defined-benefit liability is funded up to $4.169 million included in cash and cash equivalents.

C. Future outlook

37. In November 2020, at its sixty-first session, the UNITAR Board of Trustees adopted the revised programme budget for 2020–2021 of $68.10 million, with an overall reduction of $20.18 million to the amount proposed originally for the biennium, in 2019 ($88.28 million). A large portion of the reduction in budget expectation is a result of the COVID-19 pandemic. Despite this reduction, the projected budget for 2020–2021 is 23 per cent higher than the approved budget for the biennium 2018–2019. The revision followed a comprehensive review of the opportunities and challenges faced during 2020, mainly due to the impact of the COVID-19 pandemic, on the planned programmatic activities during 2020 and 2021, as well as a review of the full costs of staffing, other personnel, operational support and institutional costs for the biennium.

38. The Board of Trustees reviewed the first two years of the 2018–2021 strategic framework, including the results and recommendations from the midterm evaluation of the strategic framework. In conjunction with its consideration of the budget revision, the Board discussed a number of programmatic changes, including the integration of the Sustainable Cycles Programme into the work of UNITAR and the opening of the UNITAR Bonn office, as well as opportunities for broader programming in the field of health.

39. The Board of Trustees took note of the update on the Strategic Framework Fund, which is a pooled instrument designed to help the Institute meet the learning and broader capacity needs of beneficiaries from countries in special situations, including the least developed countries, landlocked developing countries, small island developing States and countries in and emerging from conflict. The Board of Trustees agreed to work with management to raise the visibility of the Fund and promote the instrument within its networks. The Board also requested management to submit for its consideration a new partnerships and resource mobilization strategy at its sixty-second session.

Chapter V

Financial statements for the year ended 31 December 2020

United Nations Institute for Training and Research

I. Statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	Note	*31 December 2020*	*31 December 2019*
Assets			
Current assets			
Cash and cash equivalents	7	11 181	6 735
Investments	21	22 241	19 673
Voluntary contributions receivable	8	11 786	10 702
Other accounts receivable	9	1 503	939
Advance transfers	10	1 063	1 224
Interest receivable	9	117	180
Other assets	11	990	5 836
Total current assets		**48 881**	**45 289**
Non-current assets			
Investments	21	4 579	2 163
Voluntary contributions receivable	8	2 926	4 132
Intangible assets	13	239	1 193
Property, plant and equipment	12	7	7
Total non-current assets		**7 751**	**7 495**
Total assets		**56 632**	**52 784**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	3 874	1 241
Advance receipts	15	1 553	783
Employee benefits liabilities	16	438	426
Total current liabilities		**5 865**	**2 450**
Non-current liabilities			
Employee benefits liabilities	16	19 936	18 347
Total non-current liabilities		**19 936**	**18 347**
Total liabilities		**25 801**	**20 797**
Net of total assets and total liabilities		**30 831**	**31 987**
Net assets			
Accumulated surpluses	17	30 831	31 987
Total net assets		**30 831**	**31 987**

Note: The accompanying notes are an integral part of these financial statements.

United Nations Institute for Training and Research

II. Statement of financial performance for the year ended 31 December 2020

(Thousands of United States dollars)

	Note	*2020*	*2019*
Revenue			
Voluntary contributions – Member States	18	11 025	23 612
Voluntary contributions – other	18	14 785	13 806
Revenue from services rendered	19	7 193	6 861
Investment revenue	21	432	620
Other revenue	22	641	46
Total revenue		**34 076**	**44 945**
Expenses			
Employee salaries, allowances and benefits	20	11 484	10 032
Non-employee compensation and allowances	20	8 957	6 347
Grants and other transfers	20	5 781	3 262
Travel	20	771	3 216
Supplies and consumables	20	2 273	1 823
Depreciation	12	1	–
Amortization	13	954	239
Other operating expenses	20	4 458	4 022
Total expenses		**34 679**	**28 941**
Surplus/(deficit) for the year		**(603)**	**16 004**

Note: The accompanying notes are an integral part of these financial statements.

United Nations Institute for Training and Research

III. Statement of changes in net assets for the year ended 31 December 2020

(Thousands of United States dollars)

Net assets as at 1 January 2019	23 498
Change in net assets	
Actuarial loss on employee benefits liabilities (note 16)	(7 515)
Surplus for the year	16 004
Total changes in net assets	**8 489**
Net assets as at 31 December 2019	**31 987**
Change in net assets	
Actuarial loss on employee benefits liabilities (note 16)	(553)
Deficit for the year	(603)
Total changes in net assets	**(1 156)**
Net assets as at 31 December 2020	**30 831**

Note: The accompanying notes are an integral part of these financial statements.

United Nations Institute for Training and Research

IV. Statement of cash flows for the year ended 31 December 2020

(Thousands of United States dollars)

	Note	*2020*	*2019*
Cash flows from operating activities			
Surplus/(deficit) for the year		(603)	16 004
Non-cash movements			
Depreciation	12	1	–
Amortization of premiums/discount on investments	21	113	(33)
Amortization of Intangible assets (in-kind contribution)	13	954	239
Actuarial gains/(losses)	17	(553)	(7 515)
Changes in assets			
Decrease/(increase) in voluntary contributions receivable	8	122	(3 559)
Decrease/(increase) in other receivables	9	(564)	(706)
Decrease/(increase) in interest receivables	9	63	(180)
Decrease/(increase) in advance transfers	10	160	(643)
Decrease/(increase) in intangible assets	13	–	(1 432)
Decrease/(increase) in other assets	11	4 846	(5 732)
Changes in liabilities			
Increase/(decrease) in other accounts payable and accrued liabilities	14	2 633	20
Increase/(decrease) in other liabilities		–	(132)
Increase/(decrease) in advance receipts	15	771	185
Increase/(decrease) in employee benefits liabilities	16	1 600	8 217
Investment revenue presented as investing activities	21	(432)	(620)
Net cash flows used in operating activities		**9 111**	**4 113**
Cash flows from investing activities			
Purchases of investments	21	(50 986)	(20 851)
Proceeds from investments	21	45 889	20 472
Investment revenue presented as investing activities	21	432	620
Net cash flows (used in)/from investing activities		**(4 665)**	**241**
Net (decrease)/increase in cash and cash equivalents		**4 446**	**4 354**
Cash and cash equivalents – beginning of year	7	6 735	2 381
Cash and cash equivalents – end of year	**7**	**11 181**	**6 735**

Note: The accompanying notes are an integral part of these financial statements.

United Nations Institute for Training and Research

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2020

(Thousands of United States dollars)

	Publicly available budget[a]				*Actual annual revenue and expenditure (budget basis)*	*Difference between original and final budget (percentage)*	*Difference between final budget and actual revenue/ expenditure (percentage)*[b]
	Original biennial	*Revised biennial*	*Original annual*	*Final annual*			
Income							
Programme contributions	90 645	69 445	43 836	33 400	30 444	(23.8)	(8.9)
Non-earmarked							
Voluntary contributions	500	450	250	250	275	–	10.0
Other/miscellaneous income	330	–	150	–	314	(100.0)	>100.0
Total income	**91 475**	**69 895**	**44 236**	**33 650**	**31 033**	**(23.9)**	**(7.8)**
Expenditure							
Office of Executive Director	3 097	2 844	1 527	1 290	1 257	(15.5)	(2.6)
Operations/support services	9 813	8 178	4 635	3 755	3 506	(19.0)	(6.6)
Programmes	75 373	57 080	36 347	27 474	30 250	(24.2)	10.1
Total expenditure	**88 283**	**68 102**	**42 509**	**32 519**	**35 013**	**(23.5)**	**7.7**
Net total	**3 192**	**1 793**	**1 727**	**1 131**	**(3 980)**	**–**	**–**

[a] The annual budget amounts relate to the current-year proportion of publicly available budgets which are approved for a two-year budget period (2020–2021) pursuant to document UNITAR/BT/61/4. Material differences between the original and final budgets are explained in note 5.

[b] Represents actual expenditure and income (budget basis) less final annual budget. Differences greater than 10 per cent are considered in note 5.

Note: The accompanying notes are an integral part of these financial statements.

United Nations Institute for Training and Research
Notes to the 2020 financial statements

Note 1
Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations was signed on 26 June 1945 and became effective on 24 October 1945. The Organization’s primary objectives are as follows:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

2. These objectives are implemented through the four major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the United Nations;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

3. The United Nations is headquartered in New York and has major offices in Geneva, Vienna and Nairobi and peacekeeping and political missions, economic commissions, tribunals, training institutes and information and other centres around the world.

United Nations Institute for Training and Research

4. The present financial statements relate to the operations of the United Nations Institute for Training and Research (UNITAR). The Institute was established by the General Assembly in 1963 with the purpose of enhancing the effectiveness of the United Nations in achieving the major objectives of the United Nations. Since its establishment, UNITAR has grown to become not only a recognized and respected service provider in professional, executive-type training, but also in the broader realm of capacity development, with priority placed on developing countries. UNITAR is governed by a Board of Trustees and is headed by an Executive Director. The Executive Director and the members of the Board of Trustees are appointed by the United Nations Secretary-General. The Executive Director reports directly to the

Economic and Social Council, one of the organs of the United Nations. UNITAR is funded by voluntary contributions from Governments, intergovernmental organizations, foundations, the private sector and other non-governmental sources as well as by individuals paying for their training participation.

5. The mission of UNITAR is to develop the individual, institutional and organizational capacities of countries and other United Nations stakeholders through high-quality learning solutions and related knowledge products and services to enhance decision-making and to support country-level action for overcoming global challenges. The Institute's core functions are to provide high-quality learning solutions to address the capacity-development needs of individuals, organizations and institutions; to advise and support Governments, the United Nations and other partners with knowledge services, including those that are technology-based; to facilitate knowledge- and experience-sharing through networked and innovative processes; and to integrate innovative strategies, approaches and methodologies into learning and related knowledge projects and services. Under the 2018–2021 strategic framework, the UNITAR training programmes and research activities are organized under six thematic pillars: (a) peace; (b) people; (c) planet; (d) prosperity; (e) multilateral diplomacy; and (f) satellite analysis and applied research. In addition to these divisions, the Institute integrated, in late 2019, the Defeat Non-communicable Diseases Partnership into its programming. During 2020, UNITAR also integrated into its programming the Sustainable Cycles Programme of the United Nations University.

6. UNITAR is regarded as an autonomous financial reporting entity, which neither controls nor is controlled by any other United Nations reporting entity. Owing to the uniqueness of the governance and budgetary process of each of the United Nations reporting entities, the entities are not deemed to be subject to common control. UNITAR has no interests in associates or joint ventures. Therefore, these statements relate only to the operations of UNITAR.

7. UNITAR is headquartered in Geneva and its activities are supported by outposted offices in New York and Hiroshima, Japan, and a project office in Port Harcourt, Nigeria. In addition, there is one office space rented out by the Hiroshima office in South Sudan from the United Nations Development Programme for 2020. The Satellite Operations Unit has rented two offices spaces: one in Nairobi (from the United Nations Office at Nairobi) for 2020–2022 and the other in Bangkok (from the Economic and Social Commission for Asia and the Pacific) for 2020–2021. These office spaces are rented for the implementation of specific project activities. With the integration of the Sustainable Cycles Programme, UNITAR has opened an office in Bonn, Germany. The work of the UNITAR Bonn Office is focused largely on Sustainable Cycle programming, with the Global e-Waste Monitor being its flagship deliverable.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements have been prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared on a going-concern basis and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the organization, consist of the following:

(a) Statement of financial position (statement I);

(b) Statement of financial performance (statement II);

(c) Statement of changes in net assets (statement III);

(d) Statement of cash flows (using the indirect method) (statement IV);

(e) Statement of comparison of budget and actual amounts (statement V);

(f) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;

(g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (e) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

9. The going-concern assertion is based on the approval by the UNITAR Board of Trustees of the work programme and budget estimates for the biennium 2020–2021, its net assets position, the stable historical trend of collection of voluntary contributions and the fact that the General Assembly has made no decision to cease the operations of UNITAR.

Authorization for issue

10. These financial statements are certified by the Controller of the United Nations and approved by the Executive Director of UNITAR. In accordance with financial regulation 6.2, the Executive Director had transmitted the financial statements as at 31 December 2020 to the Board of Auditors by 31 March 2021. In accordance with financial regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements authorized for issue on 30 July 2021.

Measurement basis

11. These financial statements are prepared using the historical-cost convention.

Functional and presentation currency

12. The functional and presentation currency of UNITAR is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

13. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at the United Nations operational rate of exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency-denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year end.

14. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

15. Materiality is central to the preparation and presentation of the Institute's financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

16. Preparing financial statements in accordance with IPSAS requires use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

17. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

Future accounting pronouncements

18. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the organization's financial statements continues to be monitored:

(a) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(b) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits. The IPSAS Board is expected to issue the standard by the end of 2021;

(c) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede that currently located in IPSAS 9: Revenue from exchange transactions, IPSAS 11: Construction contracts, and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). The IPSAS Board is expected to issue the standard by the end of 2021;

(d) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13: Leases. The development of a new IPSAS is continuing, with the date of its issuance yet to be determined by the IPSAS Board;

(e) Public sector measurement: the objectives of the project are to: (i) issue amended IPSAS standards that include revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure; (ii) provide more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and (iii) address transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify issues that preparers encounter when applying IPSAS 17 to infrastructure assets. Informed by this research, the aim is to provide additional guidance on accounting for infrastructure assets.

Recent and future requirements of the International Public Sector Accounting Standards

19. The IPSAS Board issued the following standards: IPSAS 41, Financial instruments, issued August 2018, effective 1 January 2023; and IPSAS 42, Social benefits, issued January 2019, effective 1 January 2023. The impact of these standards on the organization's financial statements and the comparative period therein has been evaluated to be as follows.

Standard	*Anticipated impact in the year of adoption*
IPSAS 41	IPSAS 41: Financial Instruments, substantially improves the relevance of information for financial assets and financial liabilities. It will replace IPSAS 29: Financial instruments: recognition and measurement, and improves that standard's requirements by introducing: (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model. The effective date of IPSAS 41 was deferred to 1 January 2023 owing to the COVID-19 pandemic and the challenges that it has created. Its impact on the financial statements will be assessed prior to that date, and the organization will be ready for its implementation by the time it becomes effective.
IPSAS 42	IPSAS 42: Social benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include state retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. The effective date of IPSAS 42 was deferred to 1 January 2023 owing to the COVID-19 pandemic and the challenges that it has created. Currently, there are no such social benefits in UNITAR operations.

Note 3
Significant accounting policies

Financial assets: classification

20. UNITAR classifies financial assets into the following categories held-to-maturity, available-for-sale, loans and receivables, and fair value through surplus or deficit in the statement of financial performance. The classification depends primarily on the purpose for which the financial assets are acquired and is determined at initial recognition and re-evaluated at each reporting date. All financial assets are initially measured at fair value. UNITAR initially recognizes loans and receivables on the date that they originated. All other financial assets are recognized initially on the trade date, which is the date on which UNITAR becomes party to the contractual provisions of the instrument.

21. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements, and assets denominated

in foreign currency are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

Classification	*Financial assets*
Held-to-maturity	Investments: time deposit, non-callable bonds
Loans and receivables	Cash and cash equivalents and receivables (non-exchange and exchange)

Held-to-maturity investments

22. These are non-derivative financial assets that have fixed or determinable payments and that UNITAR has a positive intention and ability to hold to maturity. Held-to-maturity investments are investments other than:

(a) Instruments initially designated as fair value through surplus or deficit;

(b) Instruments that meet the definition of loans and receivables;

(c) Instruments classified as available-for-sale.

23. Held-to-maturity investments are initially recorded at fair value plus transaction costs and subsequently recognized at amortized cost calculated using the effective interest method.

24. UNITAR classified its investment portfolio as held-to-maturity assets.

Cash and cash equivalents

25. Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Receivables from non-exchange transactions – contributions receivable

26. "Contributions receivable" represents uncollected revenue from voluntary contributions committed to UNITAR by Member States, non-member States and other donors on the basis of enforceable agreements. These non-exchange receivables are stated at nominal value, except for voluntary contributions receivable that will mature in more than 12 months, less impairment for estimated irrecoverable amounts (i.e., the allowance for doubtful receivables). If deemed material, these long-term voluntary contribution receivables are reported at a discounted value calculated using the effective interest method.

Financial assets: receivables from exchange transactions – other receivables

27. Other receivables include primarily amounts receivable for goods or services provided to other entities, amounts receivable for operating lease arrangements, interest receivable and receivables from staff. Receivables from other United Nations reporting entities are also included in this category.

28. Material balances of other receivables and voluntary contributions receivable are subject to specific review and an allowance for doubtful receivables assessed on the basis of recoverability and ageing accordingly.

Advance transfers

29. Advance transfers relate to cash transferred to the United Nations Development Programme (UNDP) for service to be rendered on behalf of UNITAR and to executing agencies/implementing partners. Advances issued to executing agencies/implementing partners are initially recognized as assets; expenses are recognized when goods are delivered, or services are rendered by the executing agencies/implementing partners and confirmed by receipt of certified expense reports, as applicable. In instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual is needed. Balances due for a refund are transferred to other receivables and, where necessary, are subject to an allowance for doubtful receivables. Transfers up to $30,000 qualify to be considered as transfers to end beneficiaries and are expensed at the time of issue.

Other assets

30. Other assets include inter-fund balance receivables, advances to staff members and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized. Inter-fund balance receivables from UNDP result from treasury, investment and payroll transactions entered into by UNDP on behalf of UNITAR under contractual arrangement for the provision of support services.

Property, plant and equipment

31. Property, plant and equipment are classified into different groupings on the basis of their nature, functions, useful lives and valuation methodologies. The groupings include vehicles, communications and information technology equipment, machinery and equipment, furniture and fixtures, and real estate assets (land, buildings, leasehold improvements, infrastructure and assets under construction). Currently, the Institute's property, plant and equipment comprise vehicles and communications and information technology equipment.

Recognition of property, plant and equipment

32. All property, plant and equipment are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs.

33. Property, plant and equipment are capitalized when their cost is greater than or equal to the threshold of $5,000.

34. With respect to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of acquiring equivalent assets.

35. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value. Depreciation commences in the month in which UNITAR gains control over an asset in accordance with international commercial terms, and no depreciation is charged in the month of the retirement or disposal of the property, plant and equipment. Given the expected pattern of usage of property, plant and equipment, the residual value is deemed to be nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are:

Class of property, plant and equipment	*Range of estimated useful life*
Communications and information technology equipment	4–7 years
Vehicles	6–12 years

36. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of fully depreciated assets.

37. The organization chose the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred after initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to UNITAR and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

38. A gain or loss resulting from the disposal or transfer of an item of property, plant and equipment arises where proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance within other revenue or other expenses.

39. Impairment assessments are conducted during the annual physical verification process and when events or changes in circumstance indicate that carrying amounts may not be recoverable. The impairment review threshold for vehicles and communications and information technology equipment is a period-end net-book-value greater than $25,000.

Intangible assets

40. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are $100,000 per unit for internally generated intangible assets and $20,000 per unit for externally acquired intangible assets.

41. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the organization are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs. Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

Class	*Range of estimated useful life*
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software developed internally	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

42. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

43. Financial liabilities are classified as "other financial liabilities". They include accounts payable, transfers payable, employee benefits payable, unspent funds held for future refunds, provisions and other liabilities such as inter-fund balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. UNITAR re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Accounts payable and accrued liabilities

44. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are stated at invoice amounts, less discounts at the reporting date. Payables are recognized and subsequently measured at their nominal value, as they are generally due within 12 months.

Transfers payable

45. Transfers payable relate to amounts owed to executing entities/implementing agencies and partners and residual balances due to be returned to donors.

Advance receipts and other liabilities

46. Advance receipts and other liabilities consist of payments received in advance relating to exchange transactions, liabilities for conditional funding arrangements and other deferred revenue.

Leases: the Institute as a lessee

47. Leases of property, plant and equipment where UNITAR has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

48. Leases where all of the risks and rewards of ownership are not substantially transferred to UNITAR are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

Donated right-to-use arrangements

49. UNITAR occupies land and buildings and uses infrastructure assets, machinery and equipment through donated right-to-use agreements granted primarily by host Governments at nil or nominal cost. On the basis of the terms of the agreement and the

clauses on transfer of control and termination contained in the agreement, the donated right-to-use arrangement is accounted for as an operating lease or finance lease.

50. In the case of operating leases, an expense and a corresponding revenue equal to the annual market rent of similar property are recognized in the financial statements.

51. The threshold for the recognition of revenue and expense is the yearly rental value equivalent of $5,000 for each item of donated right-to-use premises, land, infrastructure, machinery and equipment.

Employee benefits

52. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship is defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

53. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances) and other short-term benefits (education grant, reimbursement of taxes and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid are recognized as current liabilities within the statement of financial position.

54. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. As home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

55. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension provided through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

56. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the organization (other long-term benefits). Defined-benefit plans are those where the obligation of UNITAR is to provide agreed benefits and UNITAR therefore bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The organization has chosen to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. As at 31 December 2020, UNITAR did not hold any plan assets as defined by IPSAS 39: Employee benefits.

57. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

58. **After-service health insurance**. After-service health insurance provides worldwide coverage for medical expenses of eligible former staff members and their dependants. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the Institute's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions by all plan participants in determining the Institute's residual liability. Contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Institute's residual liability in accordance with the cost-sharing ratios authorized by the General Assembly in its resolutions 38/235, 1095 A (XI) and 41/209.

59. **Repatriation benefits**. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins UNITAR and is measured as the present value of the estimated liability for settling these entitlements.

60. **Accumulated annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled by means of a monetary payment to employees upon their separation from the organization. UNITAR recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities whereby staff members access current-period leave entitlements before they access accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose, and overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the organization. The accumulated annual leave benefit reflecting the outflow of economic resources from the organization at end of service is therefore classified as "other long-term benefit". It should be noted that the portion of the accumulated annual leave benefit that is expected to be settled by means of monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly as post-employment benefits; UNITAR therefore values its accumulated annual leave benefit liability as a defined-benefit plan that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

61. UNITAR is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified by article 3 (b) of the

Regulations of the Fund, membership of the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

62. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligations, plan assets and costs to individual organizations participating in the plan. The Pension Fund and UNITAR, in line with other participating organizations, are not in a position to identify the Institute's proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNITAR has treated this plan as if it were a defined-contribution plan in line with the requirements of IPSAS 39. The Institute's contributions to the Pension Fund during the financial period are recognized as expenses in the statement of financial performance.

Termination benefits

63. Termination benefits are recognized as an expense only when UNITAR is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term benefits

64. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of "other long-term benefit".

65. **Appendix D benefits**. Appendix D to the Staff Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. These liabilities are valued by actuaries.

Provisions

66. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, UNITAR has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount required to settle the obligation.

Contingent liabilities

67. Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNITAR are disclosed as contingent liabilities. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of

resources embodying economic benefits or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

68. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that such an outflow will be required, a provision is recognized in the financial statements of the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements. An indicative threshold of $10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

69. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNITAR. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the organization.

Commitments

70. Commitments are future expenses that are to be incurred by UNITAR on contracts entered into by the reporting date and that UNITAR has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (number of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to UNITAR in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue: voluntary contributions

71. Voluntary contributions and other transfers, which are supported by legally enforceable agreements, are recognized as revenue at the time the agreement becomes binding, which is the point when UNITAR is deemed to acquire control of the asset. Where cash is received subject to specific conditions, however, recognition of revenue is deferred until those conditions have been satisfied.

72. The full amounts relating to unconditional multi-year voluntary contribution agreements, pledges and other promised donations are recognized as revenue when the arrangement becomes binding. Unused funds returned to the donors are netted against voluntary contributions.

73. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable the organization to administer projects or other programmes on their behalf.

74. In-kind contributions of goods above the recognition threshold of $5,000 are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to UNITAR and the fair value of those assets can be measured reliably. UNITAR has elected not to recognize in-kind contributions of services but to disclose in-kind contributions of services above the threshold of $5,000 per discrete contribution in the notes to the financial statements. Contributions in kind are initially measured at their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals.

75. An indirect cost recovery of 7 per cent, designated as "programme support cost", is charged to trust funds and other activities that are funded from voluntary

contributions to ensure that the additional costs of supporting activities from voluntary contributions are not borne by unearmarked funds and/or other core resources of UNITAR. In addition, a direct cost recovery of 6 to 11 per cent, designated as "direct support cost", is charged to ensure that the implementation support costs incurred are not borne by the unearmarked funds and other core resources. In line with the full cost recovery policy approved by the Board of Trustees, the programme support cost charges and direct support costs are included as part of voluntary contributions. Programme support costs are expressed as a percentage of expenses and direct support costs are expressed as a percentage of contribution. The programme support costs and the direct support costs are eliminated for the purposes of financial statement preparation, as disclosed in note 4: Segment reporting.

Exchange revenue

76. Exchange transactions are those in which UNITAR sells services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met. Revenue from commissions and fees for technical, training, administrative and other services rendered to Governments, United Nations entities, individuals and other partners is recognized when the service is performed.

Investment revenue

77. Investment revenue (interest revenue) is earned on individual financial instruments and is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

Expenses

78. Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered, and services are rendered, regardless of the terms of payment.

79. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance, staff assignment, repatriation, hardship and other allowances. Non-employee compensation and allowances consist of consultant and contractor fees.

80. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities as well as quick-impact projects. For outright grants, an expense is recognized at the point at which the organization has a binding obligation to pay.

81. Supplies and consumables relates to expenditure incurred for office supplies and consumables.

82. Other operating expenses include acquisition of goods and intangible assets below capitalization thresholds (capitalization thresholds for intangible assets are $5,000 per unit for externally acquired assets and $100,000 per unit for internally developed assets), maintenance, utilities, contracted services, training, security services, shared services, rent, insurance and allowance for bad debts. Other expenses relate to hospitality and official functions, foreign exchange losses, donation/transfer of assets and losses on disposal of property, plant and equipment.

83. Certain programme activities, distinct from commercial or other arrangements where UNITAR expects to receive equal value for funds transferred, are implemented by executing entities/implementing partners. Executing entities/implementing partners typically include Governments, non-governmental organizations and United Nations agencies. UNITAR advances funds to these implementing partners on the basis of cash projections. Advances to implementing partners that are not expensed during the year remain outstanding at the end of the year and are reported in the statement of financial position. These executing entities/implementing partners provide UNITAR with certified expense reports documenting their use of resources, which are the basis for recording expenses in the statement of financial performance. In instances where the partner has not provided financial reports as expected, programme managers make an informed assessment as to whether an accrual or an impairment should be recorded against the advance and submit the accounting adjustment. The support costs incurred by and paid to implementing partners are reported as expenses in the statement of financial performance. Binding agreements to fund executing entities/implementing partners not paid out by the end of the reporting period are shown as commitments in the notes to the financial statements.

Note 4
Impact of coronavirus disease

84. In November 2020, at its sixty-first session, the UNITAR Board of Trustees adopted the revised programme budget for 2020–2021 of $68.10 million, with an overall reduction of $20.18 million to the amount proposed originally for the biennium, in 2019 ($88.28 million). The revision followed a comprehensive review of the opportunities and challenges faced during this year, significantly the impact of the COVID-19 pandemic, on the planned programmatic activities during 2020 and 2021, as well as a review of the full costs of staffing, other personnel, operational support and institutional costs for the biennium. For 2020, original expenditure budgets were revised downwards from $42.509 million to $32.519 million and its revenue targets from $44.236 million to $33.650 million.

85. As donors' funding priorities changed, there were decreases in contribution agreements signed with Member States, as compared with 2019, such as: Germany ($3.969 million), Japan ($0.734 million), Nigeria ($1.022 million) and Norway ($2.805 million) (including the premature termination of a project in Nigeria requiring an accounting adjustment for $0.804 million and a refund of $0.562 million). The overall voluntary contribution receivables, from Member States and others, have decreased marginally by $0.122 million.

86. The UNITAR working capital portfolio remained safe throughout the pandemic, since it holds high-quality, liquid assets aimed at preserving principal value; however, the portfolio's interest income declined significantly. Government-imposed restrictions in response to the pandemic brought many segments of the global economy to a virtual standstill in 2020, resulting in a sharp contraction in global growth. This led to an aggressive expansion in both monetary and fiscal policies by central banks and Governments around the world. As central banks slashed key interest rates, yields on eligible investments for the UNITAR portfolio also declined, and investments that had been earning several per cent per annum were reinvested at rates near zero. The investment revenues were lower in 2020 at $0.432 million (average annual yield of 1.27 per cent) as compared with $0.620 million in 2019 (average annual yield of 2.60 per cent).

87. COVID-19 affected the work of UNITAR in early 2020 since much of its programming is delivered in the field. In addition to ensuring business continuity with regard to planned programming, UNITAR broadened its portfolio to increase awareness and develop knowledge on matters related to the COVID-19 crisis. During

2020, at least 59 unprogrammed training activities dealt with some dimension of the COVID-19 pandemic and included activities under the diverse thematic pillars of the work of UNITAR. By leveraging its virtual learning environment and other available information technology tools, UNITAR was able to maintain business continuity, with a large number of planned in-person training activities converted to online delivery. In 2020, 77 per cent of its 896 events were delivered online, as compared with 38 per cent in 2019. UNITAR also succeeded in adapting other operating modalities for programming, such as utilizing an increased number of in-country consultants and other experts, while ensuring a do no harm approach to their welfare.

88. A dramatic increase in online beneficiaries and active users on learning platforms resulted in increased pressure on the infrastructure and increased costs from e-service providers, email accounts, information technology supplies, internet connections, headphones and printers, etc. A surge in the number of requests in promoting online events resulted in an increased workload owing to required coordination for social media management, course announcement publications and email accounts. Consequently, there was an increase in the number of information technology helpdesk requests from remote work setups and Microsoft Teams messages to reply to.

89. Operationally, UNITAR management had to reorganize the business processes related to review of submissions, certifications, approval processes, decision-making and the sharing of confidential information, such as those related to recruitments through a new system, and the provision of necessary technical equipment owing to the urgent need to shift to a remote workforce. Management required to continuously monitor the human resources policies as they pertain to sick leave, annual leave, home leave and flexible working arrangements. Remote working has affected the work-life balance and caused increased anxiety in the workforce, all of which caused some disruptions and lowered overall effectiveness in performance.

Note 5
Segment reporting

90. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and make decisions about the future allocation of resources.

91. As established in the UNITAR programme budget for the biennium 2020–2021 by its Board of Trustees, the activities of UNITAR are segregated into three segments:

(a) The Office of the Executive Director includes the Institute's functions of leadership; resource mobilization; planning, monitoring and evaluation, and performance reporting; and quality assurance;

(b) Programming is organized under four thematic divisions and two cross-cutting divisions: (i) Peace (comprising the Peacemaking and Conflict Prevention Programme Unit, and the Peacekeeping Training Programme Unit); (ii) People (comprising the Social Development Programme Unit and the Nigeria Project Office in Port Harcourt, Nigeria); (iii) Planet (comprising the Green Development and Climate Change Programme Unit, the Chemicals and Waste Management Programme Unit and the Sustainable Cycles Programme unit); (iv) Prosperity (comprising the Public Finance and Trade Programme Unit and the Hiroshima Office); (v) Multilateral Diplomacy (comprising the Multilateral Diplomacy Programme Unit and the New York Office); and (vi) Satellite Analysis and Applied Research (comprising the UNITAR Operational Satellite Applications Programme Unit and the Strategic Implementation of the 2030 Agenda Unit). In addition, UNITAR programming includes activities undertaken by the Defeat Non-communicable Diseases Partnership, which is hosted by UNITAR;

(c) Operations/support services include essential support functions such as information and communications technology, human resources, administration and procurement and budget and finance.

92. Inter-segment transactions include internal programme support cost charges and direct implementation support fees between programmes and operations/support costs in line with paragraph 74 in note 3: Significant accounting policies. Inter-segment transactions are priced at cost recovery under normal operating policies and are eliminated for the purposes of segment reporting preparation.

93. Eliminations comprise inter-fund allocations between various segments that are eliminated upon consolidation of funds of UNITAR, that is, the financial reporting entity. Among eliminated values are programme support cost charges and direct support costs between programmes and operational support, which includes the Office of the Executive Director. Current-year eliminations comprise programme support costs of $2.150 million and direct service costs of $3.689 million.

Statement of financial performance by segment as at 31 December 2020

(Thousands of United States dollars)

	Office of Executive Director	*Programmes*	*Operations/ support services*	*Eliminations*	*Total*
Segment revenue					
Voluntary contributions	333	25 396	81	–	25 810
Revenue from services rendered[a]	1 086	7 195	4 751	(5 839)	7 193
Other revenue	–	641	–	–	641
Investment revenue	146	–	286	–	432
Total revenue	**1 565**	**33 232**	**5 118**	**(5 839)**	**34 076**
Segment expenses					
Employee salaries, allowances and benefits	1 286	8 065	2 133	–	11 484
Non-employee compensation and allowances	38	8 532	387	–	8 957
Grants and other transfers	–	5 781	–	–	5 781
Travel	7	764	–	–	771
Supplies and consumables	2	2 256	15	–	2 273
Depreciation	–	1	–	–	1
Amortization	–	954	–	–	954
Other operating expenses	131	9 087	1 079	(5 839)	4 458
Total segment expense	**1 464**	**35 440**	**3 614**	**(5 839)**	**34 679**
Surplus/(deficit) for the year	**101**	**(2 208)**	**1 504**	**–**	**(603)**

[a] For 2020, $1.064 million in programme support costs recovery is shown under operations and support segment, to cover the indirect costs of the Institute.

Statement of financial performance by segment as at 31 December 2019

(Thousands of United States dollars)

	Office of Executive Director	*Programmes*	*Operations/ support services*	*Eliminations*	*Total*
Segment revenue					
Voluntary contributions	165	37 062	191	–	37 418
Revenue from services rendered	1 801	6 861	2 980	(4 781)	6 861
Other revenue	–	46	–	–	46
Investment revenue	321	–	299	–	620
Total revenue	**2 287**	**43 969**	**3 470**	**(4 781)**	**44 945**
Segment expenses					
Employee salaries, allowances and benefits	1 099	6 883	2 050	–	10 032
Non-employee compensation and allowances	14	6 087	246	–	6 347
Grants and other transfers	–	3 262	–	–	3 262
Travel	86	3 116	14	–	3 216
Supplies and consumables	4	1 797	22	–	1 823
Depreciation	1	(1)	–	–	–
Amortization	–	239	–	–	239
Other operating expenses	196	7 632	975	(4 781)	4 022
Total segment expense	**1 400**	**29 015**	**3 307**	**(4 781)**	**28 941**
Surplus/(deficit) for the year	**887**	**14 954**	**163**	**–**	**16 004**

Statement of financial position by segment as at 31 December 2020

(Thousands of United States dollars)

	Office of Executive Director	*Programmes*	*Operations/ support services*	*Total*
Assets				
Current assets				
Cash and cash equivalents	–	11 181	–	11 181
Investments	7 552	–	14 689	22 241
Voluntary contributions receivable	100	11 686	–	11 786
Other accounts receivable	–	1 503	–	1 503
Interest receivable	40	–	77	117
Advance transfers	–	1 063	–	1 063
Other assets	3	979	8	990
Total current assets	**7 695**	**26 412**	**14 774**	**48 881**
Non-current assets				
Investments	1 555	–	3 024	4 579
Voluntary contributions receivable	–	2 926	–	2 926
Property, plant and equipment	1	6	–	7

	Office of Executive Director	*Programmes*	*Operations/ support services*	*Total*
Intangible assets	–	239	–	239
Total non-current assets	**1 556**	**3 171**	**3 024**	**7 751**
Total assets	**9 251**	**29 583**	**17 798**	**56 632**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	73	3 731	70	3 874
Other liabilities	–	–	–	–
Advance receipts	–	1 553	–	1 553
Employee benefits liabilities	49	308	81	438
Total current liabilities	**122**	**5 592**	**151**	**5 865**
Non-current liabilities				
Accounts payable and accrued liabilities	–	–	–	–
Employee benefits liabilities	2 232	14 001	3 703	19 936
Total non-current liabilities	**2 232**	**14 001**	**3 703**	**19 936**
Total liabilities	**2 354**	**19 593**	**3 854**	**25 801**
Net of total assets and total liabilities	**6 897**	**9 990**	**13 944**	**30 831**
Net assets				
Accumulated surplus	6 897	9 990	13 944	30 831
Total net assets	**6 897**	**9 990**	**13 944**	**30 831**

Statement of financial position by segment as at 31 December 2019

(Thousands of United States dollars)

	Office of Executive Director	*Programmes*	*Operations/ support services*	*Total*
Assets				
Current assets				
Cash and cash equivalents	–	6 735	–	6 735
Investments	10 184	–	9 489	19 673
Voluntary contributions receivable	50	10 652	–	10 702
Other accounts receivable	–	939	–	939
Interest receivable	93	–	87	180
Advance transfers	–	1 224	–	1 224
Other assets	1	5 828	7	5 836
Total current assets	**10 328**	**25 378**	**9 583**	**45 289**
Non-current assets				
Investments	1 120	–	1 043	2 163
Voluntary contributions receivable	–	4 132	–	4 132
Property, plant and equipment	1	6	–	7

	Office of Executive Director	Programmes	Operations/ support services	Total
Intangible assets	–	1 193	–	1 193
Total non-current assets	**1 121**	**5 331**	**1 043**	**7 495**
Total assets	**11 449**	**30 709**	**10 626**	**52 784**
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	13	1 132	96	1 241
Other liabilities	–	–	–	–
Advance receipts	–	783	–	783
Employee benefits liabilities	47	292	87	426
Total current liabilities	**60**	**2 207**	**183**	**2 450**
Non-current liabilities				
Accounts payable and accrued liabilities	–	–	–	–
Employee benefits liabilities	2 011	12 588	3 748	18 347
Total non-current liabilities	**2 011**	**12 588**	**3 748**	**18 347**
Total liabilities	**2 071**	**14 795**	**3 931**	**20 797**
Net of total assets and total liabilities	**9 378**	**15 914**	**6 695**	**31 987**
Net assets				
Accumulated surplus	9 378	15 914	6 695	31 987
Total net assets	**9 378**	**15 914**	**6 695**	**31 987**

Note 6
Comparison to budget

94. UNITAR prepares its budgets on the modified cash basis as opposed to the IPSAS full accrual basis as presented in the statement of financial performance. Statement V (statement of comparison of budget and actual amounts) presents the difference between budget amounts and actual income and expense on a comparable basis.

95. The final budget is the revised programme budget for a biennium as approved by the UNITAR Board of Trustees at the end of the first year of the biennium. While the budget is for a two-year period, UNITAR allocates those budgets into two annual amounts to provide the budget-to-actual comparison for the annual financial statements.

96. Differences between the original and the final budget are attributable to elements that become known during the year, such as final projections of special grant contributions to be received and variances in expense trends.

97. Explanations for material differences between original and final budget amounts, as well as for material differences between the final budget amounts and actual revenue and expenditures on a modified cash basis which are deemed to be greater than 10 per cent, are given below.

Budget area	*Explanation of material differences*
Revenue	
Other/miscellaneous income	The final budget did not include the investment revenue as part of a conservative approach to forecasting investment markets owing to the COVID-19 situation. Actual revenue reflects modest investment revenue at an average annual yield of 1.27 per cent
Expenses	
Programmes	The increase of 10.1 per cent in expenses reflects better delivery performance in 2020 than anticipated in the revised budget, particularly in the peacekeeping training programme and the UNITAR Operational Satellite Applications Programme

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

98. The reconciliation between the actual amounts on a comparable basis in the comparison of budget and actual amounts and the actual amounts in the statement of cash flow is set out below.

Reconciliation of actual amounts on a comparable basis to the statement of cash flows: 2020
(Thousands of United States dollars)

	Operating	*Investing*	*Total*
Actual amount on a comparable basis (statement V)	**(35 013)**	**–**	**(35 013)**
Basis differences	(5 210)	432	(4 778)
Presentation differences	49 334	(5 097)	44 237
Net cash flows in the statement of cash flows (statement IV)	**9 111**	**(4 665)**	**4 446**

Reconciliation of actual amounts on a comparable basis to the statement of cash flows: 2019
(Thousands of United States dollars)

	Operating	*Investing*	*Total*
Actual amount on a comparable basis (statement V)	**(25 866)**	**–**	**(25 866)**
Basis differences	(8 210)	620	(7 590)
Presentation differences	38 189	(379)	37 810
Net cash flows in the statement of cash flows (statement IV)	**4 113**	**241**	**4 354**

(a) Basis differences arise as the budget is prepared on a modified cash basis as opposed to the IPSAS accounting basis used to prepare the financial statements. Basis differences comprise operating adjustments in relation to accrual accounting, the elimination of obligations and net cash flows from investing activities;

(b) Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts. The former reflects the net impacts of receipts and disbursements and the latter presents actual expenditure authorized through appropriations. Revenue and expenses that do not form part of the statement of comparison of budget and actual amounts are presentation differences;

(c) Timing differences occur when the budget period differs from the financial reporting period reflected in the financial statements. UNITAR has no timing differences;

(d) Entity differences represent cash flows to/from fund groups or agencies which do not relate to UNITAR but are reported in the financial statements or the UNITAR budget. There were no entity differences in 2020.

99. The following table reconciles the actual expenditures on a comparable basis as reported in the statement of comparison of budget and actual amounts to the total expenses reported in the statement of financial performance:

Reconciliation of budget expenditures in statement V to IPSAS expenses in statement II
(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Budget expenditure as set out in statement V	35 013	25 866
Adjustments:		
Elimination of unliquidated obligations	(4 804)	(1 754)
Accruals of expenses	929	478
After-service health insurance expenses	969	605
Expenses for contributions in kind	1 617	3 507
Depreciation of property, plant and equipment	1	–
Amortization of intangible assets	954	239
Total IPSAS expenses as set out in statement II	**34 679**	**28 941**

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Cash held in UNITAR bank accounts	97	732
Investments: time deposits	–	4 500
Bonds	1 704	–
Money market instruments	7 498	1 496
Money market funds	1 880	–
Petty cash and project cash	2	7
Total cash and cash equivalents	**11 181**	**6 735**

100. The Institute’s investments are held in short-term time deposits. A case-by-case analysis of all non-exchange revenue agreements was undertaken against the criteria of IPSAS 23.

Note 8
Voluntary contributions receivable: non-exchange transactions

(Thousands of United States dollars)

	31 December 2020			31 December 2019		
	Current	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
Voluntary contributions	11 786	2 926	14 712	10 702	4 132	14 834
Allowance for doubtful voluntary contributions receivable	–	–	–	–	–	–
Total voluntary contributions receivable	**11 786**	**2 926**	**14 712**	**10 702**	**4 132**	**14 834**

101. The large voluntary contributions receivable balance relates to a few high-value multi-year donor agreements with contributions balances receivable during the period from 2021 to 2023. A case-by-case analysis of all non-exchange revenue agreements was undertaken against the criteria of IPSAS 23. The receivables above include $5.678 million that are subject to general stipulations in the agreements which did not meet the requirements to be conditions under IPSAS 23. Historically, UNITAR has had positive experiences with regard to receiving the payment tranches from donors in accordance with the agreements and has never been in breach of stipulations that would prompt donors to demand refunds or reimbursements.

102. A detailed case-by-case review of the voluntary contributions receivable was undertaken at the end of year 2020 and consequently accounting adjustments to contribution revenues were made in the amount of $0.991 million, with a corresponding reduction to the voluntary contributions receivable. The main reasons for making these accounting adjustments were premature termination of the projects by the donors ($0.895 million) and reduction of budgets by the donors ($0.096 million). Both these reasons are related to the impact of the COVID-19 situation and changing funding priorities for the donors.

103. In accordance with IPSAS 29, the non-current receivables amounting to $2.930 million have been discounted with a net impact of $0.004 million to the revenue recorded. The discounting rates used are the United States Daily Treasury Yield Curve Rates of 0.13 and 0.17 for years 2 and 3, respectively.

Note 9
Other accounts receivable: exchange transactions

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Exchange		
Receivables from non-governmental entities	405	107
Receivables from other United Nations Secretariat reporting entities	29	72
Receivables from government entities/public entities	1 069	760
Subtotal	**1 503**	**939**
Interest receivable	117	180
Total other accounts receivable	**1 620**	**1 119**

Note 10
Advance transfers

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Implementing partners/executing agencies	1 063	1 224
Total advance transfers	**1 063**	**1 224**

Note 11
Other assets

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Vendors	–	–
Staff members	66	52
Prepayments	98	55
Advances to UNDP	826	5 729
Total other assets	**990**	**5 836**

104. Advances to UNDP arise as a result of treasury, investment and payroll transactions entered into by UNDP on behalf of UNITAR under contractual arrangement for the provision of support services. Outstanding advances or payables between UNITAR and UNDP are settled on a quarterly basis.

Note 12
Property, plant and equipment: 2020

(Thousands of United States dollars)

	Information and communications technology	*Vehicles*	*Total*
Cost as at 1 January 2020	**11**	**40**	**51**
Disposals	–	–	–
Cost as at 31 December 2020	**11**	**40**	**51**
Accumulated depreciation as at 1 January 2020	**10**	**34**	**44**
Disposals	–	–	–
Depreciation for the year	–	1	1
Accumulated depreciation as at 31 December 2020	**10**	**35**	**45**
Net carrying amount			
1 January 2020	1	6	7
31 December 2020	**1**	**6**	**7**

Property, plant and equipment: 2019

(Thousands of United States dollars)

	Information and communications technology	*Vehicles*	*Total*
Cost as at 1 January 2019	**11**	**40**	**51**
Disposals	–	–	–
Cost as at 31 December 2019	**11**	**40**	**51**
Accumulated depreciation as at 1 January 2019	**9**	**35**	**44**
Disposals	–	–	–
Depreciation for the year (*net of a write-back of 10 per cent on fully depreciated assets*)	1	(1)	–
Accumulated depreciation as at 31 December 2019	**10**	**34**	**44**
Net carrying amount			
1 January 2019	2	5	7
31 December 2019	**1**	**6**	**7**

105. During 2020, there was one fully depreciated asset with a net book value of $0.0005 million, as at 31 December 2019. An asset value of 10 per cent for a total of $0.0006 million was written back on 31 December 2020 in line with the policy on use of fully depreciated assets.

Note 13
Intangible assets

(Thousands of United States dollars)

	Total
Cost as at 1 January 2020	**1 432**
In-kind contributions	–
Cost as at 31 December 2020	**1 432**
Accumulated amortization as at 1 January 2020	**239**
Disposals	–
Amortization for the year	954
Accumulated amortization as at 31 December 2020	
Net carrying amount	
1 January 2020	1 193
31 December 2020	**239**

106. During 2019, digital satellite images valued at $1.432 million were received from the United States Government as in-kind contributions and were used for the implementation of the UNITAR Operational Satellite Applications Programme. The images are expected to benefit the projects until March 2021 and were capitalized as an intangible asset and amortized for $0.239 million in 2019. During 2020, this

intangible asset was further depreciated by $0.954 million with a net carrying amount of $0.239 million as at 31 December 2020.

Note 14
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Payables to vendors	2 070	661
Payables to other United Nations Secretariat reporting entities	53	0
Payable to university partnerships	–	86
Accruals for goods and services	876	479
Other	875	15
Total accounts payable and accrued liabilities	**3 874**	**1 241**

Note 15
Advance receipts

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Payments received in advance	1 553	783
Total advance receipts	**1 553**	**783**

Note 16
Employee benefits liabilities

(Thousands of United States dollars)

	31 December 2020			*31 December 2019*		
	Current	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
After-service health insurance	55	17 669	17 724	48	16 265	16 313
Repatriation benefits	104	1 478	1 582	60	749	809
Annual leave	50	789	839	127	1 333	1 460
Subtotal, defined-benefit liabilities	**209**	**19 936**	**20 145**	**235**	**18 347**	**18 582**
Home leave	129	–	129	110	–	110
Appendix D/workers' compensation	100	–	100	81	–	81
Total employee benefits liabilities	**438**	**19 936**	**20 374**	**426**	**18 347**	**18 773**

Employee benefits accounted for on a defined-benefit basis

107. UNITAR provides its staff and former staff with after-service health insurance and repatriation benefits that are actuarially valued defined-benefit plans. Annual leave benefits are actuarially valued on the same basis. The liabilities are determined on the basis of an independent actuarial valuation, which is usually undertaken every two years. The most recent full after-service health insurance valuation was conducted

as at 31 December 2020. The cumulative amount of actuarial gains and losses recognized in net assets is a net loss of $0.553 million (2019: net loss of $7.515 million).

Actuarial valuation: assumptions

108. UNITAR reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the employee benefits. The principal actuarial assumptions used to determine the employee benefit obligations as at 31 December 2019 and for rolling forward to 31 December 2020 are set out below.

Actuarial assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates, 31 December 2020	0.01%	2.08%	2.23%
Discount rates, 31 December 2019	0.18%	2.99%	2.50%
Inflation, 31 December 2020	2.75%	2.20%	–
Inflation, 31 December 2019	2.85%	2.20%	–

109. Discount rates are based on a weighted blend of three discount rate assumptions: United States dollars (Citigroup pension discount curve), euros (Ernst and Young eurozone corporate yield curve) and Swiss francs (Federation bonds yield curve as published by the Swiss National Bank, plus the spread observed between government rates and high-grade corporate bonds rates published by the Swiss Chamber of Pension Actuaries).

110. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan cost increases and the economic environment. Medical cost trend assumptions used for the valuation as at 31 December 2020 were updated to include escalation rates for future years. As at 31 December 2020, these escalation rates were a flat health-care yearly escalation rate of 3.64 per cent (2019: 3.76 per cent) for Swiss medical plans, grading down to 2.75 per cent over eight years (2019: 2.85 per cent over eight years)

111. With regard to the valuation of repatriation benefits as at 31 December 2020, inflation in travel costs was assumed at 2.20 per cent (2019: 2.20 per cent United States inflation assumption) on the basis of the projected inflation rate over the next 20 years.

112. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: one to three years – 9.1 per cent; four to eight years – 1.0 per cent; nine years and over – 0.1 per cent.

113. Assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Movement in employee benefits liabilities accounted for as defined-benefit plans: 31 December 2020

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
Net defined-benefit liability as at 1 January 2020	**16 313**	**1 460**	**809**	**18 582**
Current service cost	939	87	52	1 078
Interest cost	30	42	19	91
Subtotal, costs recognized in the statement of financial performance	**969**	**129**	**71**	**1 169**
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	488	31	34	553
Actual benefits paid	(46)	(38)	(75)	(159)
Net recognized liability as at 31 December 2020	**17 724**	**1 582**	**839**	**20 145**

Movement in employee benefits liabilities accounted for as defined-benefit plans: 31 December 2019

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*	*Total*
Net defined-benefit liability as at 1 January 2019	**8 351**	**1 277**	**739**	**10 367**
Current service cost	528	82	73	683
Interest cost	78	52	30	160
Subtotal, costs recognized in the statement of financial performance	**606**	**134**	**103**	**843**
Actuarial (gains)/losses recognized directly in the statement of changes in net assets	7 390	106	19	7 515
Actual benefits paid	(34)	(57)	(52)	(143)
Net recognized liability as at 31 December 2019	**16 313**	**1 460**	**809**	**18 582**

114. For the year 2020, actuarial losses of $0.553 million are debited directly to the net assets and an amount of $1.169 million towards the current-year service and interest costs is charged to the statement of financial performance.

Medical cost sensitivity analysis

115. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability owing to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. Should the medical cost trend assumption vary by 0.5 per cent, it would impact the measurement of the defined-benefit obligations, as shown below.

Medical cost sensitivity analysis: 0.5 per cent movement in the assumed medical cost trend rates

(Thousands of United States dollars)

	31 December 2020		*31 December 2019*	
	Increase	*Decrease*	*Increase*	*Decrease*
Effect on the defined-benefit obligation	2 893	(2 435)	2 663	(2 241)
Effect on the aggregate of the current service cost and interest cost	221	(179)	203	(165)

Discount rate sensitivity to end-of-year liability

116. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bonds markets were volatile over the reporting period, and that volatility impacts the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the liabilities would be as shown below.

Discount rate sensitivity analysis: year-end employee benefits liabilities

(Thousands of United States dollars)

31 December 2020	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent[a]	(2 524)	(55)	(35)
As a percentage of end-of-year liability	(14%)	(3%)	(4%)
Decrease of discount rate by 0.5 per cent	3 050	60	38
As a percentage of end-of-year liability	17%	4%	5%

[a] The sensitivity analyses above are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, as changes in some of the assumptions may be correlated.

31 December 2019	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(2 323)	(51)	(34)
As a percentage of end-of-year liability	(14%)	(3%)	(4%)
Decrease of discount rate by 0.5 per cent	2 807	55	37
As a percentage of end-of-year liability	17%	4%	5%

Historical information: total liability after-service health insurance, repatriation benefits and annual leave as at 31 December

(Thousands of United States dollars)

Present value of the defined-benefit obligations valued by actuaries	*2020*	*2019*	*2018*	*2017*	*2016*
After-service health insurance	17 724	16 313	8 351	8 060	6 692
Repatriation benefits	1 582	1 460	1 277	1 317	1 150
Annual leave	839	809	739	738	1 005
Total present value of defined-benefit obligation	**20 145**	**18 582**	**10 367**	**10 115**	**8 847**

Funded liabilities

117. UNITAR has commenced funding plans for the defined-benefit liabilities. The balance of liability funded as at 31 December 2020 is shown in the table below.

(Thousands of United States dollars)

	Funded	*Unfunded*	*Total liability as at 31 December 2020*	*Percentage funded*
After-service health insurance	1 748	15 976	17 724	9.9
Repatriation benefits	1 582	–	1 582	100.0
Annual leave	839	–	839	100.0
Total employee benefits liabilities under defined-benefit plans	**4 169**	**15 976**	**20 145**	**20.7**

118. The funded amount of $4.169 million is included in cash and cash equivalents and investments. This amount does not qualify as a plan asset under IPSAS 39: Employee benefits, because such funds are not held in a trust that is legally separate from UNITAR and that exists solely to pay or fund employee benefits.

United Nations Joint Staff Pension Fund

119. UNITAR is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

120. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNITAR and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify the UNITAR proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNITAR has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. UNITAR contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

121. The Fund's Regulations state that the United Nations Joint Staff Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

122. The UNITAR financial obligation to the Fund consists of its mandated contribution, at the rate established by the General Assembly (currently at 7.9 per cent for participants and 15.8 per cent for member organizations) together with any share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are only payable if and when the General Assembly has

invoked the provision of article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

123. The latest actuarial valuation for the Fund was completed as of 31 December 2019, and a roll-forward of the participation data as of 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

124. The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2 per cent. The funded ratio was 107.1 per cent (102.7 per cent in the 2017 valuation) when the current system of pension adjustments was taken into account.

125. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, for deficiency payments under article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

126. Should article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2017, 2018 and 2019) amounted to $7,546.92 million, of which 0.045 per cent was contributed by UNITAR.

127. During 2020, contributions paid to the Fund amounted to $1.338 million (2019: $1.228 million). Expected contributions due in 2021 are approximately $1.540 million.

128. Membership of the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

129. The Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Pension Fund publishes quarterly reports on its investments, and these can be viewed by visiting the Fund's website at www.unjspf.org.

Note 17
Net assets

(Thousands of United States dollars)

	2020	*2019*
Net assets as at 1 January	**31 987**	**23 498**
Actuarial gains/(losses) on employee benefits liabilities	(553)	(7 515)
(Deficit)/surplus for the year	(603)	16 004
Net assets as at 31 December	**30 831**	**31 987**

Note 18
Revenue from non-exchange transactions

Voluntary contributions – Member States

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Voluntary contributions – Member States	11 843	23 955
Refunds to Member States	(818)	(343)
Total revenue from voluntary contributions – Member States	**11 025**	**23 612**

130. The significant decrease in voluntary contributions from Member States is due to the combination of a multi-year contribution agreement recognized as revenue in 2019 as required by IPSAS and a decrease in contribution agreements signed in 2020. A multi-year agreement for $5.54 million contribution to the Strategic Framework Fund was signed in 2019 with the Swedish International Development Cooperation Agency. Further, during 2020, there were decreases in contribution agreements signed with Member States, as compared with 2019, such as: Germany ($3.969 million), Japan ($0.734 million), Nigeria ($1.022 million) and Norway ($2.805 million), (including the premature termination of a project in Nigeria requiring an accounting adjustment for $0.804 million and a refund of $0.562 million).

Voluntary contributions – other

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Voluntary contributions – other	13 344	10 854
Refunds – other	(176)	(555)
Voluntary in-kind contributions	1 617	3 507
Total revenue from voluntary contributions – other	**14 785**	**13 806**

131. The contributions in kind include a rental subsidy of $0.628 million (2019: $0.604 million) for the year, which represents the difference between the market value and the actual amount paid for the rental of the buildings occupied by UNITAR, and the satellite images received from the Government of the United States valued at $0.990 million that were used for the implementation of the UNITAR Operational

Satellite Applications Programme. These satellite images received during 2020 are in addition to the satellite images received in 2019, which were valued at $1.432 million and are expected to benefit the projects until March 2021 and have been capitalized as an intangible asset and amortized for an additional amount of $0.954 million in 2020. During 2020, in-kind contributions also included services provided by advisers, associate fellows and other resource personnel valued at $0.562 million, which is not included in the table above.

132. All voluntary contributions recognized as revenues in 2020 include the future portion of multi-year agreements and in-kind contributions. Of the contribution revenue recognized, the breakdown of the donors by intended year of contribution is shown below.

(Thousands of United States dollars)

	Member States	*Other*
2020	9 031	10 999
2021	1 747	2 600
2022	230	1 186
2023	17	–
Gross revenue from voluntary contributions – Member States and other	**11 025**	**14 785**

Note 19
Revenue from services rendered: exchange transactions

133. Exchange revenue from services rendered includes fees collected for a range of face-to-face and e-learning training courses, sales of satellite imagery and affiliations fees. UNITAR designs and delivers capacity development and research activities to address the needs of individuals, organizations and institutions under various thematic areas. Some of the key training courses generating exchange revenue were on-demand training and capacity development activities offered to Member State delegates and diplomats in the area of United Nations intergovernmental machinery and topics relating to multilateral diplomacy.

134. Other training courses driving exchange revenue were the joint international Master’s degrees in Conflict, Peace and Security and International Affairs and Diplomacy; tailored face-to-face training offered to the UNITAR target audience; and fee-based courses offered to individuals through face-to-face training, seminars, workshops or e-learning courses.

135. Exchange revenue also includes fees for satellite imagery analysis services. These services provide support to the United Nations system and other organizations in the areas of disaster response, humanitarian operations, human security and the application of international humanitarian law, and human rights.

136. The UNITAR Decentralized Cooperation Programme has established a global network of 19 training centres called the International Training Centres for Authorities and Leaders Global Network. These centres are affiliated with UNITAR and are required to pay a mandatory annual affiliation fee. Located across Africa, the Americas, Asia, Australia and Europe the centres deliver many training events to the UNITAR target audience, with a special emphasis on the local level.

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Training fees	2 890	3 093
UNITAR Operational Satellite Applications Programme activities	3 212	2 767
Affiliation fee from training centres	533	450
Other revenue	558	551
Total revenue from services rendered	**7 193**	**6 861**

Note 20
Expenses

Employee salaries, allowances and benefits

137. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. Allowances and benefits include other staff entitlements, including pension and insurance, staff assignment, repatriation, hardship and other allowances.

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Salaries	5 505	4 979
Allowance and benefits	3 554	3 032
Post adjustment	2 425	2 021
Total employee salaries, allowances and benefits	**11 484**	**10 032**

Non-employee compensation and allowances

138. "Non-employee compensation and allowances" consists of consultant and contractor fees, ad hoc experts and non-UNITAR personnel compensation and allowances.

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Consultant fees, interns and trainees	8 957	6 347
Total non-employee compensation and allowances	**8 957**	**6 347**

Grants and other transfers

139. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities as well as quick-impact projects.

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Contractual services	2 469	682
Outright grants	824	1 260
Staff and personnel costs	813	928
Travel	865	224
Supplies, commodities and materials	439	47
Programme support costs	44	54
Equipment, vehicles and furniture	327	67
Total grants and other transfers	**5 781**	**3 262**

140. During 2020, a total amount of $0.189 million relating to individual grants of $30,000 or below provided to implementing partners was expensed outright, in line with the United Nations accounting policy on advance transfers to implementing partners.

Travel

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Travel of staff, consultants and non-staff	771	3 216
Total travel	**771**	**3 216**

Supplies and consumables

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Operational satellite images (in kind)	990	1 471
Acquisition of office equipment and supplies	265	304
Operational maps	234	46
Other supplies	784	2
Total supplies and consumables	**2 273**	**1 823**

Other operating expenses

141. Other operating expenses include loss on currency fluctuations, maintenance, utilities, contracted services, training, security services, shared services, rent, administrative fees and doubtful debt and write-off expenses.

(Thousands of United States dollars)

	31 December 2020	31 December 2019
Training	796	1 352
Rent – office and premises	1 170	546
Contracted services	641	467
Communications utilities	759	363
Expense recognized for contributions in kind – premises	628	604
Joint administrative fees	164	245
Other expenses	271	166
Stationery and office supplies	28	36
Depreciation	1	–
Shipping/freight services	–	6
Write-offs	–	237
Total other operating expenses	**4 458**	**4 022**

Note 21
Financial instruments and financial risk management

Financial instruments

(Thousands of United States dollars)

	Note	31 December 2020	31 December 2019
Financial assets			
Held-to-maturity			
Investments – time deposits		–	–
Non-call bonds		26 820	21 836
Subtotal, investments		**26 820**	**21 836**
Loans and receivables			
Cash and cash equivalents: internally managed	6	99	739
Cash and cash equivalents: time deposits	6	–	4 500
Cash and cash equivalents: certificates of deposit/ commercial paper	6	11 082	1 496
Subtotal, cash and cash equivalents		**11 181**	**6 735**
Voluntary contributions receivable	8	14 712	14 834
Other receivables and interest receivables	9	1 620	1 119
Other assets (excluding staff advances and prepayments)	11	–	–
Total loans and receivables		**16 332**	**15 953**
Total carrying amount of financial assets		**54 333**	**44 524**
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	14	3 874	1 241
Total carrying amount of financial liabilities		**3 874**	**1 241**

	Note	31 December 2020	31 December 2019
Net revenue and expense from financial assets			
Interest income – time deposits and bank accounts		68	84
Interest income on non-call bonds		502	501
Amortized income on non-call bonds		(138)	35
Total net revenue from financial assets		**432**	**620**

Movement in short-term investments not classified as cash and cash equivalents: time deposits

(Thousands of United States dollars)

	2020	2019
Balance as at 1 January	21 836	21 424
Purchases of investments	50 986	20 851
Sale of investments	(45 889)	(20 472)
Amortization	(113)	33
Balance as at 31 December	**26 820**	**21 836**

Financial risk management: overview

142. UNITAR has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

143. This note presents information on the Institute's exposure to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management framework

144. The investment activities of UNITAR are carried out by UNDP under a service-level agreement. Under the terms of the agreement, UNDP applies its investment guidelines and governance framework for the benefit of UNITAR. Investments are registered in the Institute's name and marketable securities are held by a custodian appointed by UNDP.

145. The principal objectives of the investment guidelines (listed in order of importance) are:

(a) Safety: preservation of capital, provided through investing in high-quality, fixed-revenue securities emphasizing the creditworthiness of the issuers;

(b) Liquidity: flexibility to meet cash requirements through investments in highly marketable fixed-income securities and by structuring maturities to align with liquidity requirements;

(c) Revenue: maximization of investment revenue within the foregoing safety and liquidity parameters;

(d) Socially responsible investments, selected using negative screens from the designated provider.

146. The UNDP investment committee, comprising senior management, meets quarterly to review investment portfolio performance and ensure that investment decisions have complied with the established investment guidelines. UNITAR receives a detailed monthly investment performance report from UNDP, which shows the composition and performance of the investment portfolio.

147. The risk management practices of UNITAR are in accordance with the UNDP investment management guidelines. An investment committee periodically evaluates investment performance and assesses compliance with the guidelines and makes recommendations for updates thereto. Other than those disclosed, UNITAR has not identified any further risk concentrations arising from financial instruments. There were no significant changes in the UNITAR risk management framework in 2020, as the existing framework was applied to the UNDP service-level agreement arrangement adopted in 2015.

148. UNITAR defines the capital that it manages as the aggregate of its net assets. Its objectives are to safeguard its ability to continue as a going concern, to fund its operations and to fulfil its mandated objectives. UNITAR manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

Credit risk

149. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, and credit exposures to outstanding receivables. The carrying value of financial assets less impairment is the maximum exposure to credit risk.

Credit risk management

150. UNITAR is exposed to credit risk on its outstanding financial asset balances, primarily cash and cash equivalents, financial instruments and receivables (exchange and non-exchange).

151. With regard to its financial instruments, the UNDP investment guidelines limit the amount of credit exposure to any one counterparty and include minimum credit quality requirements. The credit risk mitigation strategies stated in the guidelines include conservative minimum credit criteria of investment grade for all issuers with maturity and counterparty limits by credit rating. The investment guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments are limited to fixed-income instruments of sovereign, supranational, governmental or federal agencies, and banks.

152. Investment activities are carried out by UNDP; under normal circumstances, UNITAR offices are not permitted to engage in investing.

153. Credit ratings from the three leading credit rating agencies, Moody's, S&P Global Ratings and Fitch, are used to evaluate the credit risk of financial instruments. As at 31 December 2020, the Institute's financial investments were in investment-grade instruments as shown in the table below (presented using S&P Global Ratings rating convention).

(Thousands of United States dollars)

31 December 2020	*AAA*	*AA+*	*AA*	*AA-*	*A+*	*A-*	*Total*
Money market instruments	2 498	–	–	–	9 998	–	12 496
Bonds	3 874	–	1 852	–	8 598	–	14 324
Total	**6 372**	**–**	**1 852**	**–**	**18 596**	**–**	**26 820**

Credit risk: receivables

154. A large proportion of receivables is due from entities that do not have significant credit risk. As at the reporting date, UNITAR did not hold any collateral as security for receivables. UNITAR evaluates the allowance for doubtful receivables at each reporting date. An allowance for doubtful receivables occurs when there is objective evidence that UNITAR will not collect the full amount due. Allowances credited to the allowance for doubtful receivables general ledger account are utilized when management approves write-offs under the Financial Regulations and Rules or are reversed when the previously impaired receivables are received. There was no movement in the allowance for doubtful receivables account for 2019. Based on its monitoring of credit risk, UNITAR believes that no impairment allowance is necessary in respect of receivables.

Ageing of total receivables

(Thousands of United States dollars)

	31 December 2000		*31 December 2019*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	13 667	–	14 044	–
Less than one year	2 457	–	1 729	–
One to two years	91	–	–	–
Two to three years	–	–	–	–
Total	**16 215**	**–**	**15 773**	**–**

Credit risk: cash and cash equivalents

155. UNITAR held cash and cash equivalents of $11.181 million as at 31 December 2020, which is the maximum credit exposure on these assets.

Liquidity risk

156. Liquidity risk is the risk that UNITAR might not have adequate funds to meet its obligations as they fall due. The Institute’s approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute’s reputation.

157. The Financial Regulations and Rules require that expenses be incurred after receipt of funds from donors, thereby considerably reducing the liquidity risk to UNITAR with regard to contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to about the amounts receivable.

158. UNDP, on behalf of UNITAR, performs cash flow forecasting and monitors rolling forecasts of liquidity requirements to ensure that they have sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. UNITAR maintains a large portion of its investments in cash equivalents and short-term investments sufficient to cover its commitments as and when they fall due.

Liquidity risk: financial liabilities

159. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the receivables, cash and investments available to the entity and internal policies and procedures put in place to ensure that there were appropriate resources to meet its financial obligations. At the reporting date, UNITAR had not pledged any collateral for any liabilities or contingent liabilities and in the period, no accounts payable or other liabilities were forgiven by third parties.

Maturities for financial liabilities based on the earliest date at which UNITAR can be required to settle the financial liabilities: as at 31 December 2020, undiscounted

(Thousands of United States dollars)

	On demand	*Within 3 months*	*3–12 months*	*>1 year*	*Total*
Accounts payable and accrued liabilities	–	3 312	562	–	3 874
Total financial liability	**–**	**3 312**	**562**	**–**	**3 874**

Market risk

160. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the revenue of UNITAR or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the Institute's fiscal position.

Currency risk

161. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. UNITAR has transactions, assets and liabilities in currencies other than in its functional currency and is exposed to limited currency risk arising from fluctuations in exchange rates. The guidelines require UNITAR to manage its currency risk exposure. Given that the Institute's main cash holdings are denominated in United States dollars, it has limited currency risk and, in conjunction with the low risk for other financial instruments, UNITAR considers currency risk to be low.

Interest rate risk

162. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows owing to changes in interest rates. In general, as interest rates rise, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk.

Accounting classifications and fair value

163. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value.

Note 22
Other revenue

164. For 2020, the other revenue is a total $0.641 million (2019: $0.046 million). This includes a net translation gain of $0.629 million, net realized loss of $0.016 million and proceeds of $0.028 million from sale of equipment belonging to the Defeat Non-communicable Diseases Partnership.

Note 23
Related parties

Governance of UNITAR

165. UNITAR is governed by a Board of Trustees, which is composed of 15 trustees, including the Chair. The trustees are appointed by the United Nations Secretary-General, in consultation with the Presidents of the General Assembly and the Economic and Social Council. The trustees do not receive any remuneration from the organization.

166. The members of the Board of Trustees for UNITAR are not considered key management personnel as defined by IPSAS. The Board of Trustees formulates principles and policies to govern the Institute's activities and operations. However, the oversight function of the Board does not include the authority and responsibility for planning, directing and controlling the activities of the entity. The Board approves the work programme as put forward by the Executive Director and Directors, adopts the budget, reviews the structure and composition of staffing and performs other statutory functions, including considering the methods of financing the Institute with a view to ensuring the effectiveness of its future operations, their continuity and the Institute's autonomous character within the framework of the United Nations.

167. UNITAR pays for travel costs, subsistence allowances and office expenses to cover costs incurred by the trustees in the execution of their duties.

Key management personnel

168. Key management personnel are those with authority and responsibility for planning, directing and controlling the activities of UNITAR. The Executive Director, at the Assistant Secretary-General level, and senior managers of the programme pillars and operations, at the D-1 level, have this authority and responsibility.

169. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

170. UNITAR had 10 key management personnel, whose remuneration was $2.997 million over the financial year ended 31 December 2020 (2019: $2.640 million for 10 key management personnel); such payments are in accordance with the Staff Regulations and Rules of the United Nations, the published salary scales of the United Nations and other publicly available documents.

171. No close family member of key management personnel was employed by UNITAR at the management level. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations and Rules; such advances against entitlements are widely available to all UNITAR staff.

United Nations Development Programme

172. In 2015, UNITAR contracted UNDP under three service-level agreements for provision of services on a cost-recovery basis for the implementation of UNDP-hosted Atlas enterprise resource planning software, for ongoing management of treasury and UNITAR cash and investment activities and for payroll services. These transactions are consistent with normal operating relationships between the entities, are undertaken on terms and conditions that are normal for such transactions in these circumstances and are at arm's length. These three service-level agreements remained valid in 2020.

United Nations system

173. UNITAR is engaged in United Nations initiatives such as joint programmes and common services arrangements. Within joint funding mechanisms, United Nations entities work together to implement activities and achieve results.

174. UNITAR, as a part of the United Nations system, has transactions and relationships with other system entities. In accordance with IPSAS 20: Related party disclosures, these financial statements need not disclose transactions with other United Nations system entities, as the transactions are consistent with normal operating relationships between the entities, are undertaken on terms and conditions that are normal for such transactions in these circumstances and are at arm's length.

International Training Centres for Authorities and Leaders Global Network

175. The CIFAL Global Network comprises 19 international training centres for authorities and leaders. The CIFAL centres are located across Asia, Africa, Australia, Europe, and the Americas. The centres provide innovative training throughout the world and the network serves as a hub for the exchange of knowledge among government officials, the private sector and civil society.

176. CIFAL-affiliated training centres are established through partnership agreements between UNITAR and a local host partner, which provides human and financial resources to the centres so that they are able to execute their activities in an autonomous manner and retain local control. The Institute's role in the operation of each CIFAL-affiliated training centre is limited to providing academic guidance, support and advice regarding training content and monitoring and evaluation, as well as quality assurance. UNITAR is not involved in the governance of the CIFAL Network and exercises a coordinating role only through an annual steering committee meeting of the CIFAL directors. The CIFAL centres may use the name and emblem of UNITAR only in direct connection with activities jointly defined and implemented with UNITAR.

177. CIFAL-affiliated training centres pay UNITAR an annual affiliation fee in line with the signed partnership agreements or decisions of the CIFAL Network steering committee. UNITAR does not invest in the activities of the training centres or participate in sharing the profits or losses of the centres. UNITAR received \$0.533 million (2019: \$0.450 million) in affiliation fees, which is included in the revenue from exchange transactions.

Note 24
Leases and commitments

Finance leases

178. UNITAR does not have any finance leases, whether as lessor or lessee.

Operating leases and commitments

179. UNITAR holds four leases in place, three for the use of Geneva premises and one for its New York office. The leases in Geneva are as follows: (a) a one-year short-term lease agreement between the Fondation des immeubles pour les organisations internationales (FIPOI) and UNITAR, whereby UNITAR rents space from FIPOI for a total payment in 2020 of SwF 204,156 (at the average exchange rate for 2020: $0.218 million) – this agreement is terminated as at 31 December 2020; (b) one five-year lease agreement between FIPOI and UNITAR, whereby UNITAR rents space from FIPOI for a total payment in 2020 of SwF 70,871 (at the average exchange rate for 2020: $0.074 million) – this agreement is terminated as at 31 March 2020; (c) UNITAR holds a new three-year lease agreement with the World Meteorological Organization for its office space, covering the period 1 April 2020 to 31 March 2023. During the year 2020, a total lease payment of SwF 554,166.67 was made (at the average exchange rate for 2020: $0.601 million).

180. The total lease payments recognized in expenses for the period was $1.521 million (2019: $1.151 million). The total operating lease rental expense for the year includes $0.628 million (2019: $0.604 million) towards rental subsidy and in-kind arrangements, for which corresponding revenue is recognized in the statement of financial performance and presented within other revenue. Future minimum lease payments under non-cancellable arrangements are shown below.

Obligations for operating leases

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Due in less than one year	1 223	1 119
Due in one to five years	1 359	2 223
Due in more than five years	–	–
Total minimum lease obligations (undiscounted)	**2 582**	**3 342**

181. Individual operating lease agreements for photocopiers at headquarters are generally made under the auspices of the overall long-term supply agreements. The amounts present future obligations for the minimum contractual term, taking into consideration contract annual lease payment increases in accordance with lease agreements. No agreements contain purchase options.

182. At the reporting date, open contractual commitments relating to goods and services contracted but not delivered were $2.557 million (2019: $1.088 million).

183. At the reporting date, the Institute's commitments to transfer funds to implementing partners, based on agreements, amounted to $1.972 million (2019: $1.253 million).

Note 25
Contingent liabilities and contingent assets

184. UNITAR is subject to a variety of claims that arise from time to time in the ordinary course of its operations. These claims can be segregated into two main categories: commercial and administrative law claims. At the reporting date, UNITAR had no contingent liabilities for commercial and administrative law claims.

185. At the reporting date, there were no legal claims or claims before the United Nations tribunals responsible for hearing claims brought by present and former employees.

186. At the reporting date, UNITAR had no contingent assets.

Note 26
Events after the reporting date

187. No material events, favourable or unfavourable, that would have had a material impact on these statements occurred between the date of the financial statements and the date when the financial statements were authorized for issue.

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