



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. SEBASTIAN DI LUCA, THIRD SECRETARY, PERMANENT MISSION OF ARGENTINA TO THE UNITED NATIONS, ON AGENDA ITEM 127: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF AUDITORS, AT THE SECOND PART OF THE RESUMED SIXTY-FIFTH SESSION OF THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New York, 2 May 2011)

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 127: Financial Reports and Audited Financial Statements, and Reports of the Board of Auditors.

2. We would like to thank Mr. LIU Yu, Director of External Audit of China and Chairman of the Audit Operations Committee of the Board of Auditors, for introducing the Board's report (A/65/5 (Vol. II)); Mr. Mario Baez, Chief of the Policy and Oversight Coordination Service, Office of the Under-Secretary-General for Management, for introducing the Secretary-General's report (A/65/719); and Mr. Collen Kelapile, Chairman of the ACABQ, for introducing the Advisory Committee's report (A/65/782).

Mr. Chairman,

3. The G77 and China attaches great importance to and highly commends the important role and valuable work of the Board of Auditors as an external audit and oversight body of the United Nations. We have always been impressed by the timely submission, reader-friendly format as well as high quality of its reports. The Group is convinced that the Board plays an indispensable role in ensuring that the principles of fair presentation and full disclosure of financial statements of UN Peacekeeping Operations are adhered to. We also highly commend the hard work of the ACABQ. We welcome the information provided timely by the Secretary-General on the implementation of the recommendations of the Board.

4. We note with encouragement that there was an improvement in the financial and administrative management of peacekeeping operation. We hope that the Secretariat will draw on the successful experiences and lessons so that this trend will be sustained in future financial periods. Particular attention should be paid to the systemic shortcomings as well as recurring and interrelated problems, such as low rate of implementation of the recommendations of the Board and the deficiencies in the management and administration of the peacekeeping operations.

5. The Group stresses the importance of implementing the recommendations of the Board fully, efficiently and in a timely manner. The Secretariat should take practical measures to set the timeframe and priorities for the implementation of the Board's recommendations and hold the office-holders accountable. It is also crucial for the Secretariat to identify the root causes of recurring issues and minimizing the ageing of the Board's previous recommendations when implementing recommendations of the Board. We have noted in this regard that the rate of implementation of recommendations made by the Board for 2008/09 had increased to 44% from 40% for the previous year but we are still concerned with the fact it's less than 50% while the rate of partial implementation is over 50%.

6. We note from the finding of the Board that some improvement has been made on expendable and non-expendable property compared to earlier financial periods. We are concerned, however, that the Board's long-standing concerns have not been adequately addressed. Although the Board issued an unmodified audit opinion on the financial statements for the period under review, it had highlighted two matters in its opinion. We concur with the Board that the Administration needs to further strengthen the controls over expendable and non-expendable property by giving more attention and making more efforts to address the root causes of those deficiencies identified. We would like to get more clarification from the Secretariat on their response that considerable administrative resources would be needed to do the disclosure. We concur with ACABQ that the introduction of a new information technology system such as enterprise resource planning (ERP) will not by itself resolve related accountability issues.

7. The G77 and China is concerned by the finding of the Board of large amount of unliquidated obligations and the practice of creating large amount of obligations near the end of the fiscal year. We concur with the Board and ACABQ that the Administration needs to strengthen budget control and management and avoid such practices in future.

8. While approaching the planned implementation timeline of IPSAS, we concur with the Board that due consideration needs to be given to the distinctive needs of the peacekeeping operations. We wish to get more information from the Secretariat with regard to its plan and preparation. We also note that the role and the resources of the Board require advance consideration due to the production of financial audit under IPSAS and expect the Administration to take necessary steps accordingly.

9. On the Global Field Support Strategy, we have noted that the Board, during the time of their audit, was unable to make comments on it and has decided to wait for more time to see the impact of the implementation of the strategy. We look forward to receiving the comments and recommendations of the Board on this important issue. Meanwhile, we appreciate the efforts of ACABQ in providing its own comments and recommendations in the context of its consideration of the relevant report of the Secretary-General.

10. The G77 and China notes with interest that the Board has expressed its willingness to the ACABQ to conduct performance audits and shares the views of the ACABQ that this would enhance the audit service provided to the General Assembly and the Administration.

Mr. Chairman,

11. We will actively engage in the informal consultation on the issues mentioned above and other important issues such as strategic deployment stocks, human resources management and information and communication technology related to this agenda item.

Thank you, Mr. Chairman.