



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. WALEED AL-SHAHARI, PERMANENT MISSION OF YEMEN TO THE UNITED NATIONS, ON AGENDA ITEM 129: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS OF THE BOARD OF AUDITORS, IN THE FIFTH COMMITTEE DURING THE MAIN PART OF THE 65TH SESSION OF THE GENERAL ASSEMBLY (New York, 15 October 2010)

Mr. Chairman,

I have the honor to speak on behalf of the Group of 77 and China on agenda item 129 entitled, "Financial reports and audited financial statements of the Board of Auditors".

2. The Group of 77 and China wishes to express its appreciation to the Director of External Audit of South Africa and Chairman of the Audit Operations Committee of the Board of Auditors, Mr. Imran Vanker, for his introduction of the various reports of the Board. The Group also wishes to thank Ms. Susan McLurg, Chairperson of the Advisory Committee on Administrative and Budgetary Questions, for presenting the relevant report of the Committee. We further wish to thank the Assistant Secretary-General, Controller, Mr. Jun Yamazaki, for introducing the report of the Secretary-General on the implementation of the recommendations of the Board.

Mr. Chairman,

3. The Group of 77 and China wishes to reiterate the priority that we attach to the work of the Board of Auditors. The Board is an important pillar of the United Nations oversight mechanism and accountability structure in strengthening the management of the Organisation and assuring that the objectives of the United Nations are met at the most efficient and cost-effective manner. We also wish to commend the Board for its efforts in refining the presentation of their reports and appreciate the level of detail provided and the "reader friendly" nature of the reports including the compilation of the concise summary of principal findings and conclusions.

4. The Group of 77 and China generally concurs with the findings and recommendations of the Board. We note with appreciation that the Board, arising from its audit, has considered the root causes and possible impacts and made recommendations to address the gaps it observed. We are encouraged by the constant efforts of the Board to follow up on the implementation of its recommendations and share the concern of the Board that little change has taken place in the overall implementation rate of the Board's recommendations. The Group reiterates the view that the responsibility for effective and expeditious implementation of the recommendations of the Board falls on the Administration. The Administration is also responsible for ensuring that accountability is assigned to specific office holders and recommendations are implemented in a timely manner.

5. We note that, of the total 518 recommendation made in the biennium 2006-2007, 305 recommendations (or 59 per cent) had been fully implemented. This represents a decrease in the rate of implementation compared to the previous biennium, where 64 per cent of the 788 recommendations for the 2004-2005 biennium were fully implemented. We look forward to hearing from the Secretariat the reasons for this decline in the implementation rate. We also call on all entities, which have not fully implemented the recommendations, to do so with more focused attention on recurring and outstanding recommendations.

6. Coordination between oversight bodies in the United Nations System is a pre-requisite for successful and effective oversight. Our Group appreciates the continued efforts of the Board to enhance its co-operation and synergies with the Office of Internal Oversight Services and the Joint Inspection Unit.

Mr. Chairman,

7. As regards financial issues, the Group notes that, for the 16 organizations audited, the Board issued unqualified audit opinions for nine entities and modified audit reports with one or more emphasis of matter paragraphs for seven entities, including one entity that also received a qualified audit opinion. We also note with concern that of the seven reports that had modified opinions, four of the reports were modified because of weaknesses in the management of non-expendable property, which have been pointed out by the Board for several bienniums. We maintain that emphasis of matters is not only an accounting but also a management issue and stress therefore the importance of stricter internal control and accountability of all administrations.

8. We note with satisfaction that eight funds and programmes have recorded a positive change in the status of their audit opinions in the biennium 2008-2009, with United Nations Office for Project Services (UNOPS) obtaining unqualified opinion for the first time since the biennium 1999-2000 in four biennia. This demonstrates that efforts in the form of organizational reform and discipline over operations can bring about improvement.

9. Our Group notes with concern that the implementation of International Public Sector Accounting Standards (IPSAS) by all the entities will be delayed from 2010 to 2012 and the United Nations to 2014 at the earliest. We hope to get more information and clarification from the senior most management with regard to the preparation of the implementation, experiences drawn from other entities, challenges faced, reasons for the delays and measures to be taken in order to ensure the timely implementation of IPSAS. We concur with the recommendation of ACABQ that the Board report to the General Assembly on progress in implementing IPSAS on an annual basis.

10. On after-service health insurance (ASHI) liabilities, we note that the values of the liability have decreased compared to 31 December 2007. We hope to get more clarification on the change in the accounting policies and estimation methods of the organizations as well as the impact on the proposed action to fund those liabilities.

11. We note with deep concern that the cash and investment holdings in the United Nations and its funds and programmes are as high as \$18 billion, which does not include the approximately \$33 billion of UN Joint Staff Pension Fund (UNJSPF). We concur with the Board that the management of cash resources is a significant responsibility of the administrations, especially under current global economic and financial circumstances. We wish to get clarification on the impacts of these cases as highlighted by the Board on the delivery of programs and projects and the measures to be taken to address them.

12. While we note that the Board qualified its opinion on the financial statement of the United Nations Population Fund (UNFPA) for not being satisfied regarding the completeness, accuracy and validity of nationally executed expenditure (NEX), we also note the fact that UNFPA is a decentralized organization, NEX comes with a level of complexity and UNFPA has started to address the issues raised by the Board with full effects expected to materialize in 2011.

13. We generally concur with the findings, conclusions and recommendation of the Board on other issues such as procurement and contract management, expendable property, results-based

budgeting and management, human resources management as well information technology and will engage in discussions on these issues at the informal consultations.

Thank you, Mr. Chairman.

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