



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. WALEED ALSHAHARI, PERMANENT MISSION OF THE REPUBLIC OF YEMEN TO THE UNITED NATIONS, ON AGENDA ITEM 129: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF AUDITORS, AT THE SECOND PART OF THE RESUMED SIXTY-FOURTH SESSION OF THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New York, 3 May 2010)

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 129: Financial Reports and Audited Financial Statements, and Reports of the Board of Auditors.

2. We would like to thank Mr. Imran Vanker, Director of External Audit of South Africa and Chairman of the Audit Operations Committee of the Board of Auditors, for introducing the Board's report (A/64/5 (Vol.II)); Ms. Neeta Tolani, Director of Policy Coordination and Oversight Service, for introducing the Secretary-General's report (A/64/702); and Ms. Susan McLurg, Chairperson of the ACABQ, for introducing the Advisory Committee's report (A/64/708).

Mr. Chairman,

3. The G77 and China attaches great importance to the work carried out by the Board of Auditors as an external financial audit body of the United Nations. We highly commend their hard work and the quality of the report under consideration. The Group highly appreciates with much respect the efforts of the Board to ensure that the principles of fair presentation and full disclosure of financial statements of UN Peacekeeping Operations are adhered to. We also commend the work of the ACABQ. We note the information provided by the Secretary-General on the implementation of the recommendations.

4. We note an improvement in the rate of implementation of previous recommendations made by the Board during the last five financial years. We encourage the Secretariat to continue its efforts to ensure that the recommendations of the Board are implemented fully, efficiently and in a timely manner. When implementing recommendations of the Board, the Secretariat needs to pay particular attention in identifying the root causes of recurring issues and minimizing the ageing of the Board's previous recommendations. It is important that recommendations are not implemented in a piecemeal fashion and that the process of implementation serves not only to plug existing loopholes but also to prevent recurrence of similar problems in other Missions/areas.

5. We note in this regard that the recommendations contained in the Board's report do not address sanctions or disciplinary steps. In our view, in order to evaluate the implementation and management of operations of peacekeeping missions, and ascertain the root cause of the anomalies as found by the Board, there should be some concrete and effective mechanisms to conduct an enhanced performance audit on this matter. The Secretariat should take practical measures to hold the office-holders accountable by setting the timeframe and priorities for the implementation of the Board's recommendations and including them in the managers' compacts.

6. The G77 and China notes with concern that as at 30 June 2009, the assessed contribution receivable amounted to \$1.51 billion, representing only 33 per cent of the total assets and a

decrease of 4 per cent compared with that of 2007/2008. We call on all Member States to make greater efforts to pay their assessments in full, on time and without condition so as to fulfill their Charter obligations and help maintain a healthy financial situation of the UN.

7. We note with concern that due to the limitations of the support account study which focused only on the historical trend analysis as initiated by the Administration, the Board was unable to conduct further analyses on this issue as requested by the ACABQ. We hope to have more information and clarification from the Secretariat with regard to the reasons for the limitations and look forward to receiving the outcome of the study by the Board.

Mr. Chairman,

8. The G77 and China notes that most of the 30 main recommendations made by the Board for the period 2008/2009 represent to a significant extent reiteration of previous recommendations of the Board on similar matters. It demonstrates the consistent failure to ensure compliance with the Financial Regulations and Rules of the United Nations, which deserves sufficient attention of the Administration so as to devise appropriate solutions so that they would not become matters of concern in the future.

9. The Group notes that the Board has issued for the third time a modified audit report with an emphasis of matter on the management and control of non-expendable property and for a second time an emphasis of matter on expendable property. We request the Secretariat to strengthen the control environment in peacekeeping and ensure the efficient use of resources and safeguarding of the assets of the Organization.

10. We remain concerned with the deficiencies in the monitoring of the inventory of strategic deployment stocks at UNLB. We are also concerned that inventory was held much longer than it should have been, and first-in and first-out principle was not adhered to, leading to possible deterioration and obsolescence of Strategic Deployment Stocks (SDS). We are particularly shocked to learn that 5 first aid kit paramedic bags with drugs and 10 first aid trauma kits exceeded life expectancy by 26 and 35 months respectively, when they were delivered from UNLB to UNAMID, thereby putting the lives and health of the peacekeepers at great risk and danger. We concur with the observations of the Board that UNLB should establish a monitoring mechanism to ensure that SDS is not kept beyond its life expectancy.

11. On procurement, we note with concern that from 2007 to 2008, procurement from developing countries and countries with economies in transition declined from 60 per cent to 53.65 per cent. We call on the Secretariat to make more efforts to promote procurement from developing countries and countries with economies in transition and to increase the opportunities for vendors from those countries in full compliance with resolutions 62/269, 61/246 and other relevant resolutions.

12. On quick-impact projects (QIPs), we have noted the observations and conclusion of the Board and ACABQ on the matter of underutilization of the resources appropriated for QIPs. However, we believe that the conclusions of the Board and ACABQ are incomplete and have not taken into account other factors such as complex and cumbersome financial procedures and internal control measures that are not in line with the realities on the field and that deter the ability of the Mission to implement QIPs within the specified time frames and result in lost opportunities. We hope to get more clarification from the Secretariat on this matter. Mr. Chairman.

13. We generally concur with the Board over its findings and recommendations on other important issues such as contingent-owned equipment, information and communication technology and

human resources management. We will actively engage in the informal consultation on all the issues related to this agenda item.

Thank you, Mr. Chairman.

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