



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY
AMBASSADOR MOHAMED YOUSIF IBRAHIM ABDELMANNAN OF THE
PERMANENT MISSION OF THE REPUBLIC OF THE SUDAN TO THE UNITED
NATIONS, ON AGENDA ITEM 116: FINANCIAL REPORTS AND AUDITED
FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF
AUDITORS, AT THE SECOND PART OF THE RESUMED SIXTY-THIRD
SESSION OF THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New
York, 13 May 2009)**

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on Agenda Item 116: Financial and the Board of Auditors Reports.

2. At the outset, 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, Ms. Nancy Hurtz-Soyka, Director of Policy Coordination and Oversight Service, for introducing the Secretary-General's report, and Ms. Susan Mclurg, Chairperson of ACABQ, for introducing the Committee's report.

Mr. Chairman,

3. The G77 and China attaches great importance to the work carried out by the Board of Auditors as an external audit body of the United Nations. We highly commend their hard work and the quality of the report. We note with appreciation that the Board has made more than 100 recommendations with 41 main recommendations, with a significant increase of both the total and the main recommendations for the UN peacekeeping operations for the past financial period. The Board's continued efforts and audit opinion on the financial statements of the UN Peacekeeping operations have enabled Member States to ensure that the principles of fair presentation and full disclosure of financial statements are adhered to. We also appreciate the observations and recommendations of ACABQ. In this regard, we note the additional information provided in the implementation report by the Secretary-General and look forward to more information and clarification on the implementation of the recommendations of the Board.

4. We note with concern the ageing of the Board's previous recommendations and especially a decrease in the implementation rate of the recommendations made for 2006/07 as compared to the previous year. In our view, the numerous pertinent recommendations made by the Board year after year would not be meaningful if they were not implemented fully and in a timely manner. The Secretariat, when implementing recommendations of the Board, should take practical measures to set the timeframe and priorities for their implementation and hold the office-holders accountable. The Secretariat should particularly strive to identify the root causes of the recurring issues, such as delays in the write-off and disposal of non-expendable property and the absence of properly defined indicators of achievement.

5. The Group notes with concern that, while fiscal year 2007/08 assessments rose by 25.7 per cent and expenditures rose by 21.7 per cent, unpaid assessments increased by 44 per cent from \$707.5 million at the end of 2006/07 to \$1,018.9 million at the end of 2007/08. We also note that, as a result of the increase in unpaid assessments and other changes in receivable and payable

balances, overall liquidity in the active missions declined by \$136.8 million. We wish to reiterate that it's the Member States' obligation to maintain a healthy financial situation of the UN and more efforts should be made by Member States to pay their assessments in full.

Mr. Chairman,

6. The G-77 and China notes that the Board has issued a modified audit report with two emphases of matter paragraphs on non-expendable and expendable property. We share the concerns of the ACABQ that the Board's issuance of modified opinions for three consecutive financial periods reflects negatively on the control environment in peacekeeping and raises doubts as to the efficient use of resources and safeguarding of the assets of the Organization. We are concerned with the significant discrepancies at the various missions between the results of the physical counts and the balances shown in the asset records, and those between the strategic deployment stocks disclosed as expendable property with the total value of unused expendable property at peacekeeping missions recorded in the Galileo system at 30 June 2008. The Secretariat should take prompt and effective remedial action for those emphases of matter. And we agree with the Board that the disclosure of the value of all expendable property in the financial statements would improve transparency, accountability and financial reporting, especially in the preparation for the implementation of the IPSAS.

7. On procurement, we note with concern the deficiencies identified by the Board in relation to acquisition planning, procurement lead time, technical evaluation, ex-post facto cases and contract awarding. We are particularly concerned with the sole-source approaches and the increased number of ex-post facto cases for review by the Headquarters Committee on Contracts. We share the Board's observation that the award of the sole-source contract is not in keeping with the principles of transparency, that the sole-source approach presents a risk of high prices due to lack of competition, and that the terms of the contract are not in the best financial interest of the Organization. In this regard, we concur with the observations of the Board and ACABQ that a procurement strategy be developed as early as possible and the Secretariat should strive to explore all options for realizing savings under procurement and for increasing local procurement within the countries or regions concerned. We also call on the Secretariat to make more efforts in increasing the opportunities for vendors from developing countries.

Mr. Chairman,

8. Effective oversight work of the UN depends on the efficient work and close coordination of both the internal and external audit bodies. We note with satisfaction that the Board continues to coordinate with OIOS. Meanwhile, we note with concern that of the 201 audits planned by OIOS for 2007, only 65, or 32 per cent, were started and completed as at 31 December 2007 and concur with the Board that OIOS should carefully monitor the work plans of the resident auditors to ensure that the audits are executed and finalized in a timely manner.

9. We generally concur with the Board over its findings and recommendations on other important issues such as rations management, air operation, information and communications technology and human resources management. We look forward to getting more information and clarification on those issues during the informal consultations.

Thank you, Mr. Chairman.