



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. SIRITHON WAIRATPANIJ, COUNSELLOR, PERMANENT MISSION OF THE KINGDOM OF THAILAND TO THE UNITED NATIONS, ON AGENDA ITEM 132: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE BOARD OF AUDITORS DURING THE MAIN PART OF SEVENTY-FIRST SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY - FIFTH COMMITTEE (New York, 13 December 2016)

Madam Chair,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 132, entitled "Financial reports and audited financial statements, and reports of the Board of Auditors".
2. At the Outset, the Group of 77 and China would like to thank Mr. Salhina Mkumba, Director of External Audit of the United Republic of Tanzania and Chair of the Audit Operations Committee of the Board of Auditors for the introduction of the reports of the Board of Auditors for the financial year ending 31 December 2015. The Group also wishes to thank Ms. Bettina Tucci Bartsiotas, Assistant Secretary-General, Controller as well as Mr. Carlos Ruiz Massieu, Chair of the Advisory Committee on Administrative and Budgetary Questions for introducing the related reports on the matter.
3. Allow me to take this opportunity to pay special tribute to Sir Amyas Morse, the Auditor General of United Kingdom of Great Britain and Northern Ireland and his team for the excellent service they provided as member of the Board of Auditors and we welcome Mr. Kay Scheller, President of the German Supreme Audit Institution as the new member of the Board and we look forward to working closely on discharging the given mandate.
4. The Group of 77 and China continue to attach great importance to the work of the Board of Auditors in discharging external oversight of the Organizations and we appreciate the continued high quality of the Board's reports. We also welcome preparation for the first time the separate report of the Board of Auditors on the Pension Fund.

Madam Chair,

5. The Group of 77 and China would like to register our disappointment on the delay in the finalization of the financial statements which results in the delayed consideration of the reports by the General Assembly. The Group notes that Umoja contributed to this delay and we would like to stress that future financial statements be submitted in accordance with established timeframe and with United Nations Financial Rules and Regulations.
6. The Group notes that all the audited entities were issued with unqualified audit opinion and we would like to emphasize the need for entities to sustain the gain achieved while addressing the identified weaknesses.
7. With regard to the financial situations, the Group has taken note that, in general all the 19 entities demonstrated solvency and are able to meet their long-term liabilities with a ratio of 1 to 1 considered to be a sound indicator of financial sustainability with some entities having lower liquidity ratios. The Group notes that a ratio of 1 to 1 is an 'ideal target' for all entities but rather a

general' sound indicator of financial sustainability.

8. The Group has taken note with serious concern on the financial position of UNRWA with negative graduation from 'fair' to 'unstable' and 'unpredictable' due to continued insufficient cash to finance core current liabilities.

Madam Chair,

9. Turning to the status of the implementation of the recommendations of the Board, the Group of 77 and China note that of 515 recommendations issued up to the year 2014 and up to June 2015 for the peacekeeping operations, only 210 recommendations representing 41 per cent had been fully implemented representing a decrease in the rate as compared to the previous period with an implementation rate of at 49.6 per cent. Like the Advisory Committee, the Group also notes that IPSAS-mandated annual reporting cycle started with the current reporting period, implying that implementation statistics from previous years may not directly comparable.

10. The Group, however, would like to stress the need for all entities to take appropriate measures to ensure the recommendations of the Board of Auditors are implemented, as a matter of priority and in a timely manner and that there is accountability arrangement for the delays in implementations.

11. With regard to the business transformation, the Group notes with concern that, a number of initiatives have not been properly planned and implemented to achieve their objectives and goals, some with no clear benefit realization plan and required a significant degree of interventions from senior and skilled team to put them back on track. With regard to the Secretariat, the Group is interested to learn in details common methodology for realizing Umoja benefits and validity of the foreseen qualitative and quantitative cumulative benefits prior to deploying Extension II. The Group would like to emphasize the need for administration in all entities to establish a formal approach to managing and improving operations and enhance capabilities to coordinate the ongoing business transformation projects, including by defining clear, justifiable and quantifiable benefit-realization plans and implementation timeframe.

12. The Group has also taken note of the information on other initiatives including those related to travel management in UNRWA and UNICEF and we will be interested to learn the details of respective travel policy compliance during informal consultations. The Group will also be interested to learn the details of the travel expenditures across the entities as well as existing policies and compliance during our informal consultations.

13. With regard to fraud and corruption, the Group welcomes the efforts undertaken by the entities including United Nations Secretariat to develop respective anti-fraud, presumptive fraud and corruption prevention framework. The Group also stresses the need for application of the standardized policies on the anti-fraud mechanism and we remain of the strong view that United Nations Chief Executive Board for Coordination is in the best position to develop guidance with respect to achieving consistent application across all the entities. We will be interested to learn the detail on the arrangement in place on the matter during our informal consultations.

Madam Chair,

14. With regard to the management of the implementing partners, the Group of 77 and China concur with the Board's observation on the need for a well-functioning information sharing mechanism across the entities with a view to better applying the lessons learned and best practices

to address the underlying challenges. The Group will seek specific clarification on the measures taken to address weakness identified by the Board on a number of entities including UNRWA, UNICEF, UNHCR and IRM during our informal consultations.

15. Turning to the entity specific issues, the Group will closely follow up specific issues of our interests such as budget management, procurement, asset management, in a number of entities including UN Secretariat, UNICEF, UNU, UNHCR, UMOJA and Pension Fund with a view to better understand how the re-occurrence of the weakness has been addressed by those entities.

16. In conclusion, allow me to assure you of the Group of 77 and China's readiness to engage constructively on a number of issues across the entities with a view to reaching positive outcome in a timely manner.

I thank you, Madam Chair.