



**INTERVENTION ON BEHALF OF GROUP OF 77 AND CHINA BY MS. FARHAT  
AYESHA OF ISLAMIC REPUBLIC OF PAKISTAN ON AGENDA ITEM 17:  
INTERNAL AUDIT AND OVERSIGHT IN THE UNDP/UNFPA EXECUTIVE  
BOARD ANNUAL SESSION (New York, 14 June 2007)**

**Mr. President,**

I have the honour to express views of the Group of 77 and China on agenda item 17: Internal audit and oversight.

We would like to thank UNDP, UNOPS and UNFPA for their respective reports on Internal Audit and Oversight in 2006 and separate management responses. We note the increased attention and importance being attached to stronger oversight and accountability by these organizations. This appears to have led to a number of improvements. We note, for instance, that for UNDP almost 90% of the internal audit recommendations had been implemented. We also note that the percentage of reservations or qualified opinions expressed with respect to project expenditures by NGO/NEX auditors came down to 1.5% from 2.4% reported in the previous years. As indicated by Ms. Simonen, UNFPA too has reported much better progress in responding to audit observations, which appear to improve accountability. In this regard, G-77 and China reaffirms its commitment to strengthening the independence of oversight bodies of the funds and programmes.

2. We note from the statement by UNDP Associate Administrator, that UNDP is considering to make “specific information” available on internal audits of UNDP operations to enable the Executive Board fulfill its “oversight responsibilities”. We would like UNDP to clarify what kind of specific information would be considered for such sharing and what would be the modality or procedure followed. We would also like his views on the implications this would have on Management’s accountability, which goes beyond sharing of documents. We need to further examine this proposal in the context of accountability responsibility of the management versus that of the Board. We are apprehensive that approach of UNDP may affect the whole concept of accountability, which remains under consideration of Member States in the UN.

3. There is also need for further clarification on the role of the Programme Country in this process, especially whether they would be consulted on disclosures that pertain to the operations at the country level and on the extent of these disclosures.

4. We are also concerned with the questions raised by Mr. Brasseur of UNFPA on the issue of disclosure, including the implications highlighted by him, given that it is not a professional practice to disclose the findings of the internal audits as per international standards for internal auditing. While awaiting the outcome of the CEB discussions, we are concerned that this practice may compromise the quality and impact of the internal audit, which is an important management tool. We understand that the practice as proposed by UNDP is not common even in the corporate sector. We are apprehensive that UNDP could be confusing the roles of external audit vis-à-vis internal audit.

5. We would like to know from UNDP when they propose to bring forth the details of their proposal for the consideration of the Executive Board. We would request for some more information on the process that appears to be underway, in terms of preparation of harmonized criteria and guidelines. It is somewhat odd that while the Executive Board is in the process of

negotiating a decision on internal audit and oversight in which the issue of explanation by UNDP, UNFPA and UNOPS of their respective oversight policies is being negotiated, the management has indicated its commitment even before the Executive Board has had a chance to make up its mind on this issue.

6. The Group of 77 and China believes that audit serves a very important role and it should also provide an assessment of the extent to which UN development programmes reflect national priorities and national development strategies. It should help in determining the ratio of administrative and transaction cost of delivering UN development assistance to developing countries. It should, furthermore, assess the quality of technical assistance and the impact and outcomes of UN development assistance.

**Mr. President,**

7. Executive Boards are forums, where Members are expected to guide the agencies in their work about technical aspects of the country programmes. Any politically motivated criticism of the domestic policies of the programme countries by Board Members leads to unnecessary politicization of the development work of UN and its agencies as well its Executive Boards.

8. The overarching principle of UN operational activities is national ownership and leadership of the process, its products and results by the programme countries. We reiterate our position that UN development assistance, particularly its operational activities should not be politicized and should be carried out on the principle of national ownership. This, we believe, is essential to respect the sovereignty of the programme countries and to preserve the neutrality of the funds and programmes. We would like to recall TCPR which recognizes that the strength of the United Nations operational system lies in its legitimacy, at the country level, as a neutral, objective and trusted partner for both recipient countries and donor countries.

**I thank you, Mr. President.**