



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. LUKE DAUNIVALU, DEPUTY PERMANENT REPRESENTATIVE OF FIJI TO THE UNITED NATIONS, ON AGENDA ITEM 131: FINANCIAL REPORTS AND REPORTS OF THE BOARD OF AUDITORS, AT THE MAIN PART OF THE SIXTY-EIGHTH SESSION OF THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New York, 11 October 2013)

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 131, entitled "Financial reports and audited financial statements, and reports of the Board of Auditors".

2. The Group wishes to thank Mr. Hugh O'Farrell, Director of External Audit of the United Kingdom of Great Britain and Northern Ireland and Chairman of the Audit Operations Committee of the Board of Auditors for introducing the reports of the Board. We also wish to thank Mr. Carlos RUIZ MASSIEU, Chairperson of the ACABQ, for introducing the Advisory Committee's related report.

Mr. Chairman,

3. The Group of 77 and China attaches great importance to the work of the oversight bodies of the United Nations in particular the Board of Auditors. Their observations and recommendations are crucial for Member States to ensure that the principles pertaining to proper procedures and practices and full disclosure of financial statements are being adhered to by the Organizations.

4. We wish to commend the Board for the continued excellent quality of its reports. In this regard the Group continues to believe that comments, observations and recommendations by the Board are crucial to the improvement of the work of the United Nations and entities and should therefore be fully implemented and in a timely manner.

Mr. Chairman,

5. The Group has taken note that three cross-cutting elements of risks were identified by the Board and issued recommendations to the Administration for:

- (i) The enhancement of control and monitoring;
- (ii) The strengthening of core business functions such as procurement, contract and financial management; and
- (iii) The enhancement of oversight, accountability and governance for globally dispersed operations. The Group stresses the importance of addressing these issues identified by the Board in all nine audited entities without further delay.

6. The Group of 77 and China notes the changes on reporting period from biennial to annual by the Board of Auditors due to the introduction of IPSAS. The Group has also taken note that the Board will be issuing a single annual report on an overview analysis of the implementation of the recommendations as well as a concise summary of the principle findings and conclusions contained in the reports of the Board. The Group welcomes this new approach which is in line with the Board given mandate.

Mr. Chairman,

7. The Group has taken note of the overall implementation rate of 41 per cent for recommendation relating to 2010-2011 for the entities that continued to be audited biennially which reflect the strong commitment on the part of management and we encourage continued efforts in this regard.

8. The Group also notes that of the 141 recommendations issues by the Board during the year ended in 31 December, 2012 to the eight funds and programmes, only 3 were not accepted by the entities concerned namely UNRWA and UN Women. The Group will be interested to learn in detail the background and rationale behind the unacceptability of these important recommendations related to establishment of the inventory policy, end of service liabilities and power to write-off.

9. The Group will also be interested to receive detailed information on many other issues identified by the Board related to entity specific, including issues related to fund-raising, retention of funds by UNICEF's National Committee as well as updates on the part of UNOPS.

Mr. Chairman,

10. With regard to after-service health insurance and end-of-service liabilities, the Group concurs with the Board and the ACABQ that United Nations entities might not be in a financial position to fully meet their obligations when end-of-service liabilities fall. This situation will put at serious risk different generations of United Nations retired or nearly retired Staff after long years of dedicated work to contribute worldwide to peace, development and respect of human rights.

11. On the Result-Based Budgeting and Result-Based Management and specifically in terms of implementation of paragraph 22 of resolution 67/235 on Board of Auditors reports, the Group will appreciate to receive detailed information on these matters.

12. On the issue of internal oversight arrangements at UNHCR, the Group requests an update of the situation of the establishment of an internal audit service to UNHCR and how this service can reinforce the UNHCR's General Inspection's capacity of investigation.

Mr. Chairman,

13. With regard to International Public Sector Accounting Standards, the Group has taken note of the progress being made by entities in the implementation of IPSAS, including the financial statements and report presented and audited by the Board. We concur with both the Board and the ACABQ and subsequently encourage the concerned entities to continue their efforts in addressing underlying challenges related to IPSAS and share the lessons learned with all the other entities in the process of preparing their adoption of IPSAS.

14. In conclusion, the Group of 77 and China would like to assure you of our readiness to engage in fruitful deliberations on this important agenda item.

I thank you, Mr. Chairman.