



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY
COUNSELOR MOHAMED FOUAD, PERMANENT MISSION OF THE ARAB
REPUBLIC OF EGYPT TO THE UNITED NATIONS ON AGENDA ITEM 134:
FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS AND
REPORTS OF THE BOARD OF AUDITORS (New York, 22 October 2018)**

Madame Chair,

1. I have the honor to deliver this statement on behalf of the Group of 77 and China on agenda item 134, 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 Ms. Parama Sen, Director of External Audit and Chair of the Audit Operations Committee, Board of Auditor for introducing the reports of the Board of Auditors for the financial year ending 31 December 2017. The Group also wishes to thank Mr. Pedro Guazo, Director of Accounts Division, Office of Programme Planning, Budget and Accounts as well as Mr. Carlos Ruiz Massieu, Chair of the Advisory Committee on Administrative and Budgetary Questions for introducing the respective related reports.
3. The Group of 77 and China reiterates its traditional position in attaching great importance to the work of the Board of Auditors in discharging external oversight of the Organization and on this note, expresses appreciation for the high quality of the Board's reports and its recommendations. We also welcome the submission of the audited financial statements for the year ended 31 December 2017.

Madame Chair,

4. The Group notes with satisfaction that for many years now all entities have received unqualified audit opinions from the Board of Auditors. We call upon all these entities to address the identified weaknesses while preserving the current accomplishments.
5. With regard to the financial situation, the Group has taken note that of the 18 audited entities, 13 had closed the financial year with a surplus, while 5 had recorded a deficit. Fortunately, and despite these deficits, all entities had solvency and liquidity ratios that were generally high, with the exception of the International Residual Mechanism for Criminal Tribunals. The Group notes that overall the Organization had sufficient current assets to cover its current liabilities and that although a ratio of 1 to 1 is an 'ideal target' for all entities; the ratios and therefore their trends, depend largely on the decisions adopted and the business models of each entity.
6. The Group has taken note with serious concern the financial situation of UNRWA with a projected overall deficit for the year 2018 of \$446 million, including \$49 million dating back to 2017. The Group notes the recommendations made by the Board of Auditors and emphasizes that austerity measures are not the only path for UNWRA to deliver on its mandates.

Madame Chair,

7. Turning to the status of the implementation of the recommendations of the Board, the Group notes that of 742 recommendations issued up to the year 2017, only 365 recommendations representing 49 per cent had been fully implemented. Although this represents an increase

compared to the last 3 years, it still falls short of the 65 per cent rate realized in the biennium 2008-2009.

8. The Group underscores the need for all entities to take appropriate measures to ensure that the recommendations of the Board of Auditors are implemented, as a matter of priority and in a timely manner, and that there are proper accountability arrangements for delays in implementations. In this regard the Group is of the view that there is a need for the different United Nations entities and for the Secretariat to work towards the eventual closure of old audit recommendations. Going forward, and in the context of implementing reforms, the Group will follow with keen interest, matters related to the implementation of audit recommendations in the context of the next report on the accountability system in the Secretariat.

Madame Chair,

9. The Group will be examining the various reports and financial statements issued, aiming to address concerns not only in specific areas and entities, but also across the UN system as a whole. We will build on findings contained in these statement in the discussions ahead concerning other agenda items during this or in the upcoming resumed sessions, in particular with respect to Umoja, the United Nations Joint Staff Pension Fund, the Resident Coordinator system and related cost sharing arrangement, the review of the implementation of the ICT strategy, the Strategic Heritage Plan, Procurement, and of utmost importance, Accountability.

Madame Chair,

10. In conclusion, the Group of 77 and China wishes to assure you of a constructive engagement on this agenda item during informal consultations with a view to concluding in a timely manner.

I thank you Madame Chair.