



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. DAYANA RIOS, MINISTER COUNSELLOR IN THE PERMANENT MISSION OF THE PLURINATIONAL STATE OF BOLIVIA TO THE UNITED NATIONS, ON AGENDA ITEM 130: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE BOARD OF AUDITORS, AT THE FIFTH COMMITTEE DURING THE MAIN PART OF SIXTY-NINTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY (New York, 16 October 2014)**

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on agenda item 130, entitled "Financial reports and audited financial statements, and reports of the Board of Auditors".

At the outset, the Group of 77 and China would like to thank Mr. Hugh O'Farrell, Director of External Audit, United Kingdom, Chair of the Audit Operations Committee of the Board of Auditors, for his introduction of the reports of the Board. The Group also wishes to thank Mr. Pedro Guazo, Director of the Accounts Division in the Office of Programme Planning, Budget and Accounts, for introducing the report of the Secretary-General on the implementation of the recommendations of the Board as well as Mr. Carlos Ruiz Massieu, Chairman of the ACABQ, for introducing the related report.

The Group of 77 and China would like to express its appreciation to the Auditor General of the Peoples Republic of China, Mr. Liu Jiayi and his team, as the outgoing Member of the Board of Auditors for the excellent work done during his entire membership to the Board. The Group is also pleased to welcome, Comptroller and Auditor General of India, Mr. Shashi Kant Sharma as the new member of the Board and would like to assure him and his team of our full support in discharging the Board's given mandate.

Mr. Chairman,

Our Group continues to attach great importance to the work of the Board of Auditors in discharging external oversight of the organizations. The observations, comments and recommendations of the Board 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. The Group wishes to commend the continued high quality of the Board's reports.

The Group notes that nine of the nineteen entities are reporting on an annual basis upon their completing the full implementation of the International Public Sector Accounting Standards (IPSAS) in 2012, and ten on a biennial basis still reporting under United Nations System Accounting Standards (UNSAS).

The Group has also taken note that the Board issued unmodified audit opinions to the 19 entities and that a trend of continuing improvement in the preparation processes related to the financial statements as well as high quality of information have been realised as a result of among others, the adoption of IPSAS.

With regard to cross-entity issues examined, the Group concurs with the Board on the need for enhanced oversight, accountability and governance for globally dispersed operations. We also

concur with the views expressed by the ACABQ on the need for a more comprehensive disclosure of the specific issues examined, and that the Board should enumerate the entities considered, identify a standard set of parameters applied, and where common themes are present, provide further analysis in its concise summary report to facilitate cross-entity comparisons. The Group is also in support of the need for Secretary General's report to include summarized explanation of the reasons for non-acceptance of recommendations of the Board.

Mr. Chairman,

We have taken note that, currently there are no explicit guidelines concerning the appropriate standards for the level of reserves across the different United Nations entities. We also believe on the need to put in place systematic monitoring and assessment against the pre-determined standards to benefit the organization. We support the need for entities to develop appropriate guidance with respect to reserves, clearly specifying the minimum and maximum levels, taking into consideration the distinct funding models and operational requirements for different entities.

With regard to the status of implementation of the Board report, the Group has taken note that 55% of the recommendations of the Board for issued to the 19 entities for biennium 2010-2011 were fully implemented, implying evidence of strong management commitment to address the recommendation of the Board.

Turning to the issue of the management of implementing partners, the Group supports the need to develop mechanisms to share information concerning the implementing partners. We concur with the ACABQ's view that the Chief executive Board for Coordination be placed for discussing a possible system-wide mechanism for vital information sharing on the management of implementation partners.

With regard to issues concerning specific entities, the Group has taken note of the Boards observation on the entity specific including those related to UNRWA, UNITAR, UNICEF, United Nations University, UN Women, UN-Habitat, UNOPS and the Secretariat. The Group looks forward for detail discussion on these issues during informal consultations.

Mr. Chairman,

The Group is deeply concerned with comments and recommendations made by the Board of Auditors on the budget process in document A/68/5 (VOL.I). While we reaffirm the operational independence of the Board in discharging its responsibilities, we concur with the ACABQ in its observation that the Board made recommendations without distinction of actions that are within the scope of the Secretariat and those that require intergovernmental decisions.

In this regard, the Group would like to reaffirm the provisions of General Assembly resolution 62/224 of 22 December 2007 and other subsequent resolutions related to programme planning and budget process. Like the Advisory Committee, it is our strong views that, the recommendations made by the Board would imply in changes to the intergovernmental process in particular Fifth Committee and the Committee for Programme and Co-ordination (CPC).

The Group of 77 and China is not in support of any of the recommendations that would imply changes to the current budget procedures, processes, rules and format. We reaffirm that any changes to the budget process is subject to review and prior approval by the intergovernmental bodies in particular Fifth Committee and the Committee for programme and Co-ordination of the General Assembly. We urge the Board of Auditors to direct all future recommendations solely to the

Administration and to focus them exclusively in areas that are within the purview of the Secretariat.

In conclusion, the Group would like to assure you of its readiness to engage in a constructive deliberation on this important agenda item.

I thank you, Mr. Chairman.

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