



General Assembly

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Agenda item 115

Financial reports and audited financial statements, and reports of the Board of Auditors

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Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note by the Secretary-General (A/55/820) conveying the comments of the Board of Auditors on measures taken by the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations International Drug Control Programme (UNDCP) towards removing the reasons for the qualified audit opinion on their financial statements for the biennium ended 31 December 1999. During its consideration of the note, the Committee met with the Audit Operations Committee.

2. It is recalled that following the recommendations of the Advisory Committee (see A/55/487), the General Assembly, in its resolution 55/220 of 23 December 2000, decided to defer action on the financial statements of UNDP,¹ UNFPA² and UNDCP³ for the period ended 31 December 1999, pending certification by the Board of Auditors that satisfactory progress was being made towards removing the reasons for the qualified opinions or that the matter had been resolved. The Assembly decided to revert to this matter at its resumed fifty-fifth session.

3. **The Advisory Committee welcomes the measures taken to draw up plans to address the reasons for the qualified audit opinions, as well as the progress made by the three organizations in obtaining additional audit reports.** According to the information contained in the note by the Secretary-General (A/55/820, para. 3), the percentage of national execution expenditure covered by audit reports as at 31 January 2001 had increased since the date of the audit opinion as follows: UNDP, from 51 to 69 per cent; UNFPA, from 50 to 66 per cent; and UNDCP, from 22 to 88 per cent. **At the same time, the Committee notes that the Board has not examined the audit reports received since the date of the audit opinion and that some audit reports may contain audit qualifications or scope restrictions relating to the nationally executed projects. In this connection, the**



Committee recommends that the administrations review these reports carefully with a view to taking such remedial action as may be required.

4. Furthermore, the Committee notes that the Board is satisfied that, in principle, the plans developed by UNDP, UNFPA and UNDCP provide an adequate basis for improving the extent to which national execution expenditure is covered by audit reports and that, if achieved, this should result in steady and significant progress over coming financial periods towards removing the reasons for the qualified audit opinions (*ibid.*, para. 4). **In this connection, the Committee welcomes the intention of the Board to continue to examine the receipt of audit reports and the level of audit assurance that these reports provide.**

5. **It is the intention of the Advisory Committee to follow up on the progress made by the three organizations towards successfully removing the reasons for the qualified audit opinions and to inform the General Assembly accordingly. In the meantime, the Committee will interpose no objection for approval by the Assembly of the financial statements of UNDP, UNFPA and UNDCP for the biennium ended 31 December 1999.**

Notes

¹ *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5A (A/55/5/Add.1)*, chap. IV.

² *Ibid.*, *Supplement No. 5G (A/55/5/Add.7)*, chap. V.

³ *Ibid.*, *Supplement No. 5I (A/55/5/Add.9)*, chap. IV.