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

Report of the Fifth Committee

Rapporteur: Mr. Ken **Siah** (Singapore)

I. Introduction

1. At its 2nd plenary meeting, on 20 September 2013, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-eighth session, and to allocate to the Fifth Committee, the item entitled:

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

- “(a) United Nations peacekeeping operations;
- “(b) Capital master plan;
- “(c) United Nations Development Programme;
- “(d) United Nations Capital Development Fund;
- “(e) United Nations Children’s Fund;
- “(f) United Nations Relief and Works Agency for Palestine Refugees in the Near East;
- “(g) Voluntary funds administered by the United Nations High Commissioner for Refugees;
- “(h) United Nations Population Fund;
- “(i) United Nations Office for Project Services;
- “(j) United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)”.



2. The Fifth Committee considered the item at its 6th and 18th meetings, on 11 October and 18 November 2013. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records ([A/C.5/68/SR.6](#) and 18).

3. For its consideration of the item, the Fifth Committee had before it the following documents:

(a) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the United Nations Development Programme ([A/68/5/Add.1](#) and Corr.1);

(b) Financial report and audited financial statements for the financial year ended 31 December 2012, and report of the Board of Auditors on the United Nations Capital Development Fund ([A/68/5/Add.14](#) and Corr.1);

(c) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the United Nations Children's Fund ([A/68/5/Add.2](#));

(d) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the United Nations Relief and Works Agency for Palestine Refugees in the Near East ([A/68/5/Add.3](#));

(e) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the voluntary funds administered by the United Nations High Commissioner for Refugees ([A/68/5/Add.5](#));

(f) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the United Nations Population Fund ([A/68/5/Add.7](#) and Corr.1);

(g) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the United Nations Office for Project Services ([A/68/5/Add.10](#) and Corr.1);

(h) Financial report and audited financial statements for the year ended 31 December 2012, and report of the Board of Auditors on the United Nations Entity for Gender Equality and the Empowerment of Women ([A/68/5/Add.13](#) and Corr.1 and 2);

(i) Note by the Secretary-General transmitting the report of the Board of Auditors on implementation of its recommendations relating to the biennium 2010-2011 ([A/68/163](#));

(j) Report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2012 ([A/68/350](#));

(k) Related report of the Advisory Committee on Administrative and Budgetary Questions ([A/68/381](#)).

4. At the 6th meeting, on 11 October, the Chair of the Board of Auditors (United Kingdom of Great Britain and Northern Ireland) and the Chair of the Audit Operations Committee introduced the reports of the Board (see [A/C.5/68/SR.6](#)).

II. Consideration of draft resolution A/C.5/68/L.4

5. At its 18th meeting, on 18 November, the Committee had before it a draft resolution entitled “Financial reports and audited financial statements, and reports of the Board of Auditors” ([A/C.5/68/L.4](#)), submitted by the Chair of the Committee on the basis of informal consultations coordinated by the representative of Egypt.

6. At the same meeting, the Committee adopted draft resolution [A/C.5/68/L.4](#) without a vote (see para. 7).

III. Recommendation of the Fifth Committee

7. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

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

The General Assembly,

Recalling its resolutions [52/212](#) B of 31 March 1998 and its decision 57/573 of 20 December 2002,

Recalling also its resolutions [67/235](#) A of 24 December 2012 and [67/235](#) B of 28 June 2013,

Having considered, for the period ended 31 December 2012, the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors on the United Nations Development Programme,¹ the United Nations Capital Development Fund,² the United Nations Children's Fund,³ the United Nations Relief and Works Agency for Palestine Refugees in the Near East,⁴ the voluntary funds administered by the United Nations High Commissioner for Refugees,⁵ the United Nations Population Fund,⁶ the United Nations Office for Project Services,⁷ the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women),⁸ the note by the Secretary-General transmitting the report of the Board of Auditors on the implementation of its recommendations relating to the biennium 2010-2011,⁹ the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2012¹⁰ and the report of the Advisory Committee on Administrative and Budgetary Questions,¹¹

1. *Accepts* the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors for the above-mentioned organizations;¹⁻⁸

2. *Approves* the recommendations and conclusions contained in the reports of the Board of Auditors;

3. *Endorses* the observations and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions;¹¹

¹ *Official Records of the General Assembly, Sixty-eighth Session, Supplement No. 5A and corrigendum (A/68/5/Add.1 and Corr.1).*

² *Ibid., Supplement No. 5N and corrigendum (A/68/5/Add.14 and Corr.1).*

³ *Ibid., Supplement No. 5B (A/68/5/Add.2).*

⁴ *Ibid., Supplement No. 5C (A/68/5/Add.3).*

⁵ *Ibid., Supplement No. 5E (A/68/5/Add.5).*

⁶ *Ibid., Supplement No. 5G and corrigendum (A/68/5/Add.7 and Corr.1).*

⁷ *Ibid., Supplement No. 5J and corrigendum (A/68/5/Add.10 and Corr.1).*

⁸ *Ibid., Supplement No. 5M and corrigendum (A/68/5/Add.13 and Corr.1 and 2).*

⁹ A/68/163.

¹⁰ A/68/350.

¹¹ A/68/381.

4. *Reaffirms* that the Board of Auditors shall be completely independent and solely responsible for the conduct of audits;
5. *Commends* the Board of Auditors for the continued high quality of its reports and the streamlined format thereof;
6. *Takes note* of the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2012;¹⁰
7. *Welcomes* the progress made in the implementation of the International Public Sector Accounting Standards by the eight additional entities audited for the year ended 31 December 2012, and in this regard requests the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to facilitate the dissemination of lessons learned and best practices from this implementation to other entities where the implementation of the Standards remains under way;
8. *Requests* the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to invite the heads of the entities to continue to address underlying challenges related to the implementation of the International Public Sector Accounting Standards, including those related to inventory;
9. *Emphasizes* that the full implementation of the International Public Sector Accounting Standards is a tool for establishing better accountability and financial management, and requests the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to encourage the heads of the entities to ensure the arrangements necessary to realize the maximum benefits of the implementation of the Standards and to report thereon to the General Assembly at its sixty-ninth session in the context of the progress report on the Standards;
10. *Notes* that, in the context of the International Public Sector Accounting Standards, the Board of Auditors will be issuing on an annual basis a combined report containing a concise summary of principal findings and conclusions and the status of the implementation of recommendations;
11. *Reiterates* the need to strengthen administrative and institutional measures to address the root causes of recurring issues and to minimize the ageing of the previous recommendations of the Board of Auditors;
12. *Requests* the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to invite the executive heads of the funds and programmes of the United Nations to consider, where they have not done so, exploring web-based follow-up systems, in line with lessons learned and best practices, to track the recommendations of the Board of Auditors, including the updated status of their acceptance, implementation and impact;
13. *Reiterates its request* to the Secretary-General and the executive heads of the funds and programmes of the United Nations to ensure full implementation of the recommendations of the Board of Auditors and the related recommendations of the Advisory Committee on Administrative and Budgetary Questions in a prompt and timely manner, to continue to hold programme managers accountable for the

non-implementation of recommendations and to effectively address the root causes of the problems highlighted by the Board;

14. *Reiterates* its request to the Secretary-General to provide in his reports on the implementation of the recommendations of the Board of Auditors a full explanation for the delays in the implementation of the recommendations of the Board, in particular those recommendations not yet fully implemented that are two or more years old;

15. *Also reiterates its request* to the Secretary-General to indicate in future reports an expected time frame for the implementation of the recommendations of the Board of Auditors, as well as the priorities for their implementation and the office holders to be held accountable;

16. *Recalls* paragraphs 7 and 8 of the report of the Advisory Committee on Administrative and Budgetary Questions, notes with deep concern the recurrence of cross-cutting and systemic risks identified by the Board of Auditors, and in this regard requests the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to invite the heads of the United Nations entities to take corrective actions on cross-cutting issues and to implement, as a priority, all the related recommendations of both the Board of Auditors and the Advisory Committee;

17. *Requests* the Advisory Committee on Administrative and Budgetary Questions to request the Board of Auditors to continue to report on these⁷ cross-entity issues in its future reports;

18. *Recalls* paragraph 25 of the report of the Advisory Committee on Administrative and Budgetary Questions, and requests the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to invite the head of the United Nations Children's Fund to enhance oversight of the implementation of the cooperation agreement between the Fund and the National Committees and to consider the need for reviewing the cooperation agreement, where appropriate;

19. *Also recalls* paragraph 29 of the report of the Advisory Committee on Administrative and Budgetary Questions, welcomes the efforts undertaken by the United Nations Relief and Works Agency for Palestine Refugees in the Near East to increase and broaden its donor base, and in this regard supports additional efforts to ensure that the financial health of the Agency is sustained over time.
