

3. *Also requests* the Secretary-General to refer to the executive heads of the specialized agencies and the International Atomic Energy Agency the observations of the Advisory Committee on Administrative and Budgetary Questions contained in chapter III of its report on the administrative budgets of the agencies for 1972;

4. *Further requests* the Secretary-General to transmit the report on the review of the administrative and management procedures concerning the programme and budget of the International Atomic Energy Agency to the Director-General of that organization so that the report may be brought to the attention of the Board of Governors of the Agency.

*2030th plenary meeting,
21 December 1971.*

2885 (XXVI). Standardization of the financial regulations governing external audit and amendments to the Financial Regulations of the United Nations

The General Assembly,

Having considered the report of the Secretary-General on the standardization of the financial regulations governing external audit²⁴ and the recommendations of the Advisory Committee on Administrative and Budgetary Questions²⁵ thereon,

Decides that, with effect from 1 January 1972, article XII of the Financial Regulations of the United Nations, dealing with external audit, as well as the annex to the Financial Regulations, containing the principles to govern the audit procedures of the United Nations, shall be amended as set forth in the annex to the present resolution.

*2030th plenary meeting,
21 December 1971.*

ANNEX

Amendments to the Financial Regulations of the United Nations

1. Article XII of the Financial Regulations of the United Nations shall be amended to read as follows:

"ARTICLE XII. EXTERNAL AUDIT

"Appointment of a Board of Auditors

"Regulation 12.1: The General Assembly shall appoint a Board of Auditors to perform the audit of the accounts of the United Nations. This Board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent title) of a Member State.

"Tenure of office of the members of the Board of Auditors

"Regulation 12.2: The members of the Board of Auditors shall be elected for a three-year term of office. The term of office shall commence on 1 July and expire on 30 June three years subsequent thereto. The term of office of one of the members shall expire each year. Consequently, the General Assembly shall elect each year a member to take office from 1 July of the following year.

"Regulation 12.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his own country, his tenure of office shall thereupon be terminated and he shall be succeeded as a member of the

Board by his successor as Auditor-General. A Board member may not otherwise be removed during his tenure of office except by the General Assembly.

"Scope of audit

"Regulation 12.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

"Regulation 12.5: The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

"Regulation 12.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

"Regulation 12.7: The Advisory Committee on Administrative and Budgetary Questions may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.

"Facilities

"Regulation 12.8: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.

"Regulation 12.9: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute, or any other person or firm who, in the opinion of the Board, is technically qualified.

"Reporting

"Regulation 12.10: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 12.5 and in the additional terms of reference.

"Regulation 12.11: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

"Audit assignment allocation

"Regulation 12.12: The Board of Auditors shall, subject to the concurrence of the Advisory Committee on Administrative and Budgetary Questions, allocate and rotate the audit work among the members of the Board."

2. The annex to the Financial Regulations of the United Nations shall be amended to read as follows:

"ANNEX TO THE FINANCIAL REGULATIONS

"Additional terms of reference governing the audit of the United Nations

"1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

"(a) That the financial statements are in accord with the books and records of the Organization;

"(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;

"(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

²⁴ A/C.5/1375.

²⁵ A/8482.

"(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

"(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.

"2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.

"3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board of Auditors, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his designated senior official) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connexion with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.

"4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which it entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Secretary-General.

"5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion in the following terms:

"We have examined the following appended financial statements, numbered to, properly identified, and relevant schedules of [name of the body] for the year ended 31 December 19..... Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements properly reflect the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 19....",

adding, should it be necessary:

"subject to the observations in our foregoing report".

"6. The report of the Board of Auditors on the financial statements should mention:

"(a) The type and scope of its examination;

"(b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:

"(i) Information necessary to the correct interpretation of the accounts;

"(ii) Any amounts which ought to have been received but which have not been brought to account;

"(iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;

"(iv) Expenditures not properly substantiated;

"(v) Whether proper books of accounts have been kept—where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;

"(c) Other matters which should be brought to the notice of the General Assembly, such as:

"(i) Cases of fraud or presumptive fraud;

"(ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);

"(iii) Expenditure likely to commit the Organization to further outlay on a large scale;

"(iv) Any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;

"(v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;

"(vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;

"(vii) Expenditure not in conformity with the authority which governs it;

"(d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;

"(e) If appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the General Assembly should have early knowledge.

"7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.

"8. Whenever the scope of audit of the Board of Auditors is restricted, or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its report, making clear the reasons for its comments, and the effect on the financial position and the financial transactions as recorded.

"9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation."

2886 (XXVI). Programme of recurrent publications of the United Nations

The General Assembly

1. *Takes note* of the report of the Joint Inspection Unit on the programme of recurrent publications of the United Nations,²⁶ and of the preliminary observations thereon by the Secretary-General²⁷ and the Advisory Committee on Administrative and Budgetary Questions;²⁸

2. *Requests* the intergovernmental bodies concerned to consider the specific recommendations contained in the report of the Joint Inspection Unit and to transmit their observations, through the Economic and Social Council where appropriate, to the General Assembly in time for consideration at its twenty-seventh session;

3. *Further requests* the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions to submit their observations and recommendations to the General Assembly at its twenty-seventh session.

*2030th plenary meeting,
21 December 1971.*

²⁶ See A/8362.

²⁷ See A/8540.

²⁸ A/8624.