



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA
BY H.E. AMBASSADOR MOURAD BENMEHIDI, PERMANENT
REPRESENTATIVE OF ALGERIA TO THE UNITED NATIONS AND
CHAIRMAN OF THE GROUP OF 77, ON AGENDA ITEM 131: FINANCIAL
REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF
THE BOARD OF AUDITORS, AT THE SECOND PART OF THE RESUMED
SIXTY-SIXTH SESSION OF THE FIFTH COMMITTEE
OF THE GENERAL ASSEMBLY
(New York, 7 May 2012)**

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 131: Financial Reports and Audited Financial Statements, and Reports of the Board of Auditors.
2. We would like to thank Mr. LIU Yu, Director of External Audit of China and Chairman of the Audit Operations Committee of the Board of Auditors, for introducing the Board's report (A/66/5 (Vol. II)); Ms. María Eugenia Casar, Assistant Secretary-General, Controller, for introducing the report of the Secretary-General on the implementation of the recommendations of the Board (A/66/693); and Mr. Collen Kelapile, Chairman of the ACABQ, for introducing the Advisory Committee's report (A/65/719).

Mr. Chairman,

3. The G77 and China attaches great importance to the work carried out by the Board of Auditors as the independent external auditors of the United Nations and its Funds and Programmes. We highly commend the continued high quality of the report under consideration. The Group highly appreciates with much respect the efforts of the Board to ensure that the principles of fair presentation and full disclosure of financial statements of UN Peacekeeping Operations are adhered to. We also commend the work of the ACABQ. We note the information provided by the Secretary-General on the implementation of the Board's recommendations.
4. We note with encouragement that there was an improvement in the financial and administrative management of peacekeeping operation. We hope that the Secretariat will draw on the successful experiences and lessons learned so that this trend will be sustained in future financial periods. Particular attention should be paid to the systemic shortcomings as well as recurring and interrelated problems, such as low rate of implementation of the recommendations of the Board and the deficiencies in the management and administration of the peacekeeping operations.

Mr. Chairman,

5. The Group stresses the importance of implementing the recommendations of the Board fully, efficiently and in a timely manner. We concur with the ACABQ and remain concerned at the level of financial risk to which the Organization is exposed as a result of the managerial weaknesses noted by the Board of Auditors. The Secretariat should thus take practical measures to set the timeframe and priorities for the implementation of the Board's recommendations and hold the office-holders accountable. It is now than ever crucial for the Secretariat to reinforce the dialogue with the Board of Auditors in identifying the root causes of recurring issues and minimizing the ageing of the Board's previous recommendations when implementing recommendations of the Board. We have noted in this regard that the rate of implementation of recommendations made by the Board for 2010/2011 is the same as the previous year, (44 per cent). We are also still concerned with the fact that this rate remains less than 50 per cent, while the rate of partial implementation is currently over 50 per cent.

6. The G77 and China is concerned by the extent of cancellation of prior-period obligations and the continued high level of obligations raised during the last month of the financial period. We reiterate in this regard the General Assembly's request to the Secretary-General to adhere to the criteria for the creation and cancellation of obligations.

8. With regard to the implementation of the International Public Sector Accounting Standards (IPSAS) for which the target implementation date for the peacekeeping operations is 1 July 2013, the Group notes with concern the findings of the Board of Auditors and seeks from the Secretariat further information on the absence of dedicated resources for IPSAS implementation teams as well as the lack of a detailed implementation plan for the peacekeeping operation as a whole, and of individual plans for each mission.

9. The Group remains concerned about the recurrence of the observations of the Board related to weaknesses or deficiencies in the area of procurement and contract management in peacekeeping operations. The strict adherence to the provisions of the Procurement Manual and others procurement rules and procedures as well the importance of effective monitoring and oversight of field procurement by headquarters to ensure such compliance.

10. We will actively engage in the informal consultation on the issues mentioned above and other important concerns on a number of specific elements on the Board of Auditors report, particularly with regard to budget formulation and management, and we look forward to clarifying these issues during our debates.

Thank you, Mr. Chairman.