

Statement by Mr. Dae-jong YOO
Minister-Counselor
Permanent Mission of the Republic of Korea to the United Nations
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General Assembly

Item 131 on financial reports and audited financial statements, and reports
of the Board of Auditors

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(Check against delivery)

1. Thank you, Mr. Chairman, At the outset, I would like to express my sincere appreciation for your dedication and leadership in your capacity as Chair of the 5th Committee of the 66th session of the General Assembly. As this is the first formal meeting of this second resumed session, I would like to assure you of my delegation's full confidence in your guidance.
2. Mr. Chairman, The agenda item 131 on financial reports and audited financial statements, and the reports of the Board of Auditors, covers 14 current missions, 27 closed missions, and four special accounts (peacekeeping reserve fund, support account, UNLB and medical insurance after service) in the amount of more than \$7 billion. Therefore, this item demands our vigilance and attention.
3. In this regard, I would like to thank the Board of Auditors for their report on the accounts of the United Nations peacekeeping operations and the Secretary General for his report on the implementation of the recommendations of the Board of Auditors concerning UN peacekeeping operations for the financial period that ended on 30 June 2011. My thanks also go to the ACABQ for its in-depth report on this subject. As rightly pointed out in the ACABQ report, the Board of Auditors' report merits our credit for their continued high quality and timely submission, which creates a virtuous circle by enabling the ACABQ to have sufficient time to deliberate. My delegation also wishes to commend the Secretary-General's effort to implement the Board's recommendations.

4. In its audit opinion, the Board noted that there has been positive development on assets management and IPSAS execution, while fully emphasizing the criticality of the management of assets, and decided to delete the item of “other matters,” in a departure from last year’s report containing this section regarding the weakness on assets management. My delegation welcomes this improvement and hopes to see this positive trend continued to the point that ongoing deficiencies with asset management will not be recurred in the years to come.

5. Noting the specific concerns expressed by the General Assembly, the Secretary-General’s report presented the root causes of most of the recurring audit recommendations such as high vacancy rate, outdated systems, switching to new accounting standards, switching to new work procedure, interpretation of procedures and guidelines, and training issues. In his view, these issues can be fully addressed only through the introduction of suitable measures implemented over a longer period. On this matter, however, the ACABQ pointed to the managerial weaknesses and shortcomings in internal controls and oversight, though recognizing the difficulties facing the Secretary-General. In addition, the Advisory Committee further mentioned in its report that these are within the purview of the Administration to address. My delegation would appreciate it if the Secretariat could provide its view regarding the observations of the ACABQ. In my delegation’s view, the Secretariat should take a more proactive approach to the recurring problems by using fully its purview, among others, and hopes to see no more recommendations repeated in the future report.

6. Mr. Chairman, In this year’s report, the Board of Auditors formulated 40 recommendations, out of which 16/17 are main recommendations, and the Board attached particular importance to four recommendations that would have systemic implications on the PKO activities as a whole. We agree with the ACABQ in welcoming the strategic focus of the Board based on its risk assessment and professional judgement. The Secretariat, on its part, should give high priority to those recommendations as well as implementing all of them on time.

7. With regard to budget formulation and management, the Board pointed out the need for the refinement of consistent budget assumptions, the improvement in computation methods, and more thorough review of cost estimates. These factors are found to have resulted in a possible budget overestimation of around \$68.4 million. Considering the

continued high level of the PKO budget, along with an unpredictable global economic forecast, my delegation would like to seek the Secretariat's comments on how to get rid of or substantially reduce this trend of over-budgeting. On the other hand, my delegation duly recognizes that the budget formulation would take into account both historical data and foreseeable factors, but this should be justified with a clear justification. I am wondering whether a kind of built-in check system or guidelines are in place, when historical data and foreseeable factors are believed to require a degree of deviation from the budget formulation criteria.

8. On mission exit and liquidation, we share the recognition by the Board that PKO missions face difficult circumstances and quite often see their mandates terminated at short notice, such as MINURCAT and UNMIS. Still, there is further room for improvement. The Board, in this regard, made four suggestions that merit due attention by the Secretariat in developing the mission liquidation plans. We believe that the points made by the Board will be duly incorporated in the future. At this point, my delegation wishes to hear from the Secretariat what lessons are learned from the cases of MINURCAT and UNMIS, and also how they plan to incorporate these lessons in formulating future contingency mission liquidation plans.

9. With respect to the restructuring of the Department of Peacekeeping Operations, the Board noted an over-reliance on qualitative indicator of achievement and a lack of baselines for quantitative results, without which it is difficult to measure the results of the initiatives. For its part, the Secretariat cautioned against the use of one model to assess the impact of reforms, as the nature of the exercise is a process guided by Member States. In this delegation's view, the Board's recommendation to apply the lessons learned to future business transformation and change management activities with a view to monitoring the realization of the planned benefits of such initiatives is a very valid point. This recommendation should be shared among all Departments in the Secretariat so they come up with clear goals and, to the extent possible, clear benchmarks and baselines at the early stage, when planning the same exercise.

10. Mr. Chairman, in concluding, my delegation assures you of our full and continued support for you and your bureau in making this session very productive and successful.

I thank you, Mr. Chairman.