Mr President,

I am making this statement on behalf of Israel, The Netherlands, New Zealand, the United States and my own country the United Kingdom. We would like to thank UNFPA for providing the update on the recommendations from the Board of Auditors and giving us this opportunity to provide comments.

We appreciate the efforts undertaken by the Executive Director of UNFPA to address systematic management issues and are pleased to note that UNFPA received an unmodified audit opinion from the UN Board of Auditors for the biennium 2010-11. As you are aware improvement in financial management, specifically the achievement of an unqualified audit is a reform priority for our countries. We would like to thank the Executive Director for taking a personal interest in this work and for driving through changes which have allowed for the necessary improvements to take place, in particular chairing the Audit Monitoring Committee and engaging a global audit firm to assist in the monitoring of national execution activities.

The issue that contributed to the qualified audit in 2009 related to weaknesses in national execution which have now been addressed, however there remain areas of country office internal controls and risk management processes which are not functioning well – we would be keen to learn what steps UNFPA is proposing to address these issues.

While we welcome the progress on implementing outstanding recommendations we are concerned that there remain 17 recommendations from the 2009 report which have not yet been implemented and have been repeated in this audit report. We would like to see further progress on these long-standing recommendations to ensure all are acted upon as a matter of priority.

We congratulate UNFPA on its on-going implementation of IPSAS, which is on schedule. However we are concerned at the weaknesses identified around asset management, although we note that UNFPA are taking steps to take corrective action on this (in particular the second independent asset verification exercise and the launching of the revised asset policy).

Regarding the utilisation of unspent balances from trust funds we would request that UNFPA continues to obtain written permission from donors before transferring balances to a general fund in accordance with the respective donors’ agreement. The default position should be returning
unspent funds to donors and no transfer to a general UNFPA fund should be made without the explicit consent of the donor concerned.

We note with approval that UNFPA has adopted revised procurement policies and procedures which are essential for transparency and accountability; we would request that UNFPA keep these processes under review to ensure continuing compliance across all business units including Procurement Services Branch, regional and country offices.

Finally we would like to commend UNFPA for its action on fraud within the agency.

Mr President,

If I can add a few short comments on the Board of Auditors Report for UNDP for the biennium ending 31st December 2011.

We would like to thank the Board of Auditors for their comprehensive report and for their detailed recommendations and congratulate UNDP with once again obtaining an unqualified Board of Auditors opinion.

Our thanks are also expressed to UNDP for their report on the implementation of these recommendations.

We support the recommendations and the implementation plans UNDP have put in place. We appreciate the increased number of recommendations implemented on the period 2008/09 and appreciate the plans for implementing all 30 Board of Auditors recommendations on 2010/11 by the end of 2013. We note the progress that has been made on implementing the top audit-related priorities for example the timely submission of nationally implemented audits but express concern on progress on some key areas such as programme design, management and monitoring. We would urge UNDP to aim for 100% implementation of the top ten priorities.

Concentrating on realising the benefits of IPSAS, strengthening the internal controls and project management through ATLAS and intensifying the improvements to procurement processes, expertise and capacity, will contribute to enhancing the effectiveness of the UNDP country teams. We look forward to future updates on the status of implementing the recommendations and to seeing the evidence of these reforms in the results at country level. With respect to the table on implementation of recommendations, it would be useful to have a percentage of completion by issue. There is a big gap between 5% completion and 95% completion, both would be listed as progress.

We welcome the efforts by UNDP to improve accountability, transparency, and efficiency in procurement through new policies on micro-purchasing, delegation of authority, and vendor protest procedures. Procurement is a high value, high risk area for UNDP, and we have a number of questions concerning implementation of these measures. What is the micro-purchase
threshold? How many people are authorized to make micro-purchases and what is the minimum level of procurement experience required for any individual to have such authority? Under the vendor protest procedures, to whom do vendors appeal when protesting a procurement decision? How are such an appeals evaluated? Whether and how vendors and the general public are made aware of vendor protest procedures?

Finally we would like to thank UNDP for taking a stance in tackling fraud and would remind it to ensure that affected member states are kept fully informed of progress where donor funds are involved.

Thank you