Mr President,

I am delivering this statement on behalf of Finland, New Zealand, Switzerland, The United States of America and my own country the Netherlands.

We would like to thank UNFPA and UNDP for sharing with us their reports on the implementation of the recommendations contained in the reports of the UN Board of Auditors for the financial period that ended on 31 December 2012.

Please allow us to make some comments on the reports of UNFPA and UNDP respectively.

**UNFPA**

(Unqualified audit opinion)

Sound and transparent management are major issues for our countries. Therefore we are pleased that the UN BoA has issued an unqualified audit opinion for 2012 to UNFPA and that the BoA has noted progress in the implementation of recommendations that were not settled in the previous biennium. We also have noted that the number of recommendations following audits declined from 94 in 2009 to 12 in 2012. This is encouraging.

(Audit function/Personnel DOS)

We are glad to have been informed that the Department for Oversight Services (DOS) is at full capacity now. We recommend that UNFPA keep and strengthen this capacity and strategically carry out its audit function.

(Implementation IPSAS)

UNFPA has fully implemented IPSAS in 2012. Like the Board of Auditors we consider this a major achievement and we would like to commend UNFPA on this milestone. Now we encourage UNFPA to respond to the remaining challenges in order to make full use of the opportunities of IPSAS (i.e. improve systems and internal control, strengthen decision making, and financial processes).
Proper liability management is crucial for long-term financial sustainability. Therefore we take note with concern of the unfunded employee benefits liabilities (in after health services insurance, repatriation benefits, home leave and annual leave). We have also noted UNFPA’s intention to fully fund these liabilities by 2017 and will closely monitor the results of UNFPA’s plan to address the funding gap. We also look forward to updates of the results of the annual examination of the funding mechanism.

We consider cost control and the reduction of administrative burden of utmost importance for improving efficiency within the UN. We equally welcome harmonization of business operations and procedures within the UN. In this respect we look forward to being updated on the results of the implementation of Harmonized Approach to Cash Transfers in the twelve pilot countries and in particular whether this approach meets its goals and leads to more effective assessment of and cooperation with implementing partners.

Mr President,

May I add a short comment on the Board of Auditors Report for UNDP for the year ending 31st December 2012 and the follow-up of its recommendations?

We commend UNDP for having obtained, once again, a clean audit opinion for 2012, as was the case in the past three consecutive biennia. We note that while resources for UNDP management have declined, the management has continued to maintain its support for the audit functions. We appreciate this effort and encourage the management to continue to ensure that the Office of Audit and Investigation receive sufficient resources to carry out its program of work.

We appreciate the progress made in the top nine audit related priorities. We are particularly pleased to see intensive efforts for improvement of program and project design, monitoring and evaluation, in procurement and asset management and the steady and strong progress in IPSAS implementation.

We would like to mention three issues which in our view are important:

Firstly, the BoA has noticed an increase in obligations for After Services Health Insurance, which surpasses the increase in coverage of these liabilities. We therefore strongly welcome the review of UNDP’s funding plan.
for After Services Health Insurance liabilities as it will contribute to long-term financial sustainability of the organization and look forward to the outcome of this review.

(Outstanding board of directors recommendations)
Secondly, we welcome UNDP’s attention for the top nine audit related management priorities and we encourage UNDP to make the necessary efforts to reduce the number of long outstanding Board of Auditors recommendations.

We note the commendable progress that unfulfilled audit recommendations continue to fall, from 15 in 2006 to 9 in 2012. However, the implementation of an important BOA recommendation during the 2010-11 financial years regarding improvement of bank reconciliation processes in some country offices remains outstanding. As timely and orderly bank reconciliations are a critical part of sound financial management, we urge UNDP management to treat this as a matter of highest priority and to complete the implementation of this BOA recommendation as soon as possible.

(Harmonized Approach to Cash Transfers)
Thirdly, similarly to UNFPA, the Board of Auditors indicated reasons to review the Harmonised Approach to Cash Transfers. We welcome UNDP’s active participation in this process and encourage the implementation of the revised framework.

Let me end by commending UNDP’s management for its active engagement in these matters. We look forward to further progress in the implementation of the BoA recommendations.

Thank you