Statement by the UK on behalf of Canada, Germany, New Zealand, Norway and Sweden.

Item 8 - Reports of UNDP, UNFPA and UNOPS on the status of implementation of the recommendations of the Board of Auditors for 2012

Mr President,

I am pleased to deliver this statement on behalf of Canada, Germany, New Zealand, Norway and Sweden, and my own country, the United Kingdom.

First of all we would like to commend UNDP, UNFPA and UNOPS for their informative reports on the follow-up on the recommendations of the Board of Auditors and for giving us this opportunity to provide comments.

We note and welcome the unqualified audit opinions for 2012 that each agency has received and welcome the progress made in implementing recommendations made previously by the Board of Auditors.

Reaching an unqualified audit opinion in the first full year of implementation of the International Public Sector Accounting Standards (IPSAS) is an important achievement. We recognise the immense challenges in undertaking this exercise and it is a credit to the agencies that this has been achieved.

The benefits of IPSAS are well documented, but in particular we see the improved timeliness in information, enhanced financial stewardship, increased control and transparency, and improved strategic decision making as being key positives in this move. Of particular note IPSAS has provided greater clarity of key liabilities facing the agency, including after service healthcare insurance (ASHI) and pension liabilities, and we look forward to working with UNDP and UNFPA to understand this issue and effectively manage these challenges as we move forward.

Whilst IPSAS therefore represents a substantial step towards full financial transparency, there are other steps required too.
We welcome the introduction of Integrated Budgets and fully supported the request from the Advisory Committee on Administrative and Budgetary Questions at the September Executive Board to include detailed information on Human Resources, Finance and Procurement in future financial statements. We would welcome more information on how the agencies intend to address this recommendation.

We would also like to encourage both UNDP and UNFPA to continue to strengthen internal controls and improved oversight and monitoring of country offices, and to ensure compliance with policies and procedures for procurement and inventory tracking.

We commend the progress made in implementing recommendations by the Board of Auditors. But we remain concerned by the significant numbers of long outstanding recommendations. Regarding UNDP, as of September 2013, 58 recommendations were outstanding while 35 recommendations were outstanding for UNFPA. We would like to see further progress on these long-standing recommendations to ensure all are acted upon as a matter of priority.

The high level of unfunded After-Service liabilities continues to raise concerns because of its implications for the long-term financial stability of both organisations. We appreciate the steps already taken by both UNFPA and UNDP and look forward to working with agencies to understand and tackle this issue.

On the Harmonized Approach to Cash Transfers system, used by UNDP and UNFPA, we welcome the work underway to address the recommendations of the joint audit team. We encourage the agencies to prioritise the finalisation of the revised framework and to ensure improved oversight once implemented. We will closely monitor the status of this work as cost control, increased efficiency and risk management within the UN are ways of ensuring programmes are delivered effectively and with maximum impact.

With regard to UNDP specifically, we commend the organisation for progress on addressing the top nine audit-related priorities, particularly in relation to IPSAS implementation and programme management. However, in view of the increased
number of cases of fraud and losses being reported, we urge UNDP to continue strengthening internal controls. We particularly underline the need to address the challenge related to delayed and qualified audit reports on nationally implemented projects.

Finally, turning to UNFPA, the organisation too has made good progress on addressing the top audit related recommendations. We note, with appreciation, that the Board of Auditors made no recommendations on the follow-up of the implementing partners.

Mr President,

Thank you