

United Nations  Nations Unies

BOARD OF AUDITORS

NEW YORK

FAX: (212) 963.3684

**Opening statement to the Fifth Committee**

**Introduction to the United Nations Board of Auditors reports on eight entities for financial year ended 31 December 2012, the biennial report on the Status of Implementation of Recommendations (A/68/163).**

**11 October 2013**

Dear Chairman,

Distinguished delegates,

On behalf of the Chairman, Mr. Amyas Morse, and the other Board members, Mr Liu Jiayi and Mr Ludovick Utouh, I have the honour to introduce eight entities

There are a wide range of findings in the reports. Some are entity specific. For example, we again highlight the need for UNICEF to strengthen its oversight over National Committees.

recommendations, we continue to observe, for example, high levels of fund retention and accumulated reserves at National Committees indicating the ongoing need for strengthened monitoring and challenge by UNICEF.

There are also a range of common themes and weaknesses. For example, we note continuing and significant weaknesses identified in the control of inventory. We consider that the introduction of IPSAS is now forcing management to address these longstanding weaknesses. For example, at UNHCR, IPSAS implementation has revealed the full extent of problems at many of the country offices in terms of inventory management, providing UNHCR

- assess the fitness for purpose, and determine whether they are operating consistently and as intended.
- 3) Continuing deficiencies in important business functions such as procurement, human resource management and finance. While not systemic, they point to the need for enhanced skills and expertise in these functions, as well as enhanced empowerment of skilled managers to be able to add value to activities rather than simply focusing on the processing of large volumes of transactions.
  - 4) Finally, we also note deficiencies in the operation of controls in IT systems across many entities.

## **ON THE STATUS OF IMPLEMENTATION OF RECOMMENDATIONS**

In accordance with GA resolution 52/212B this report provides an update on the status of implementation of recommendations made in biennium 2010-11 as at 31 March 2013, nine months after the recommendations are formally communicated to organisations.

The report covers in detail the nine entities on which the Board still reports on a biennial basis (UN, UNODC, UNEP, UN-Habitat, ITC, UNU, UNITAR, ICTY, and ICTR). Our reporting on implementation of previous recommendations at entities that implemented IPSAS in 2012 is contained in each entity specific report as these are now produced on an annual basis (UNDP, UNCDF, UNFPA, UNOPS, UNHCR, UNICEF, UNRWA, UN-Women, and UNJSPF). At Annex 1 of the report we do, however, provide a comparative analysis of progress on recommendations against all fifteen entities.

### *Key points to note*

**The implementation of recommendations in the nine entities is broadly comparable with the previous biennia.** The overall proportion of the 139 recommendations made in the biennium 2010/11 fully implemented was 41 per cent for 2010-11, compared to 46 per cent in 2008-09. A further 55 per cent of recommendations (48 per cent, 2008-09) were under implementation, leaving four per cent on which management made no progress or were overtaken by events (six per cent, 2008-09).

**The entities have engaged substantively with the recommendations and are tackling the issues raised appropriately.** While there was a marginal increase in the overall proportion of partially implemented recommendations, over a third relate to the implementation of multi-year transformation projects such as IPSAS. Additionally, aging analysis shows on average that 82 per cent of recommendations made in biennium 2008-09 were fully implemented by March 2013, thirty three months after first being issued. This is a good result.

In light of previous Fifth Committee interest we include a qualitative analysis of a number of common themes apparent in the suite of recommendations (paragraphs 22-26). This includes, for example, the need for enhanced and integrated supply management to address longstanding deficiencies in procurement and asset management.

From 2014 onwards, with the adoption of full annual reporting, the Board will cover the status of implementation of recommendations in each entity specific report, removing the rationale for an interim report on the status of implementation. We therefore recommend that this is the last report on the status of implementation of recommendations, and that the Board prepares instead an annual "Concise summary of principal findings and conclusions" from 2014 onwards. We envisage the Concise Summary will, as now, include commentary on rates of implementation and other trends in relation to the

Chair, this concludes my introduction. The Audit Operations Committee