



General Assembly

Distr.
LIMITED

A/C.5/42/L.3
21 October 1987

ORIGINAL: ENGLISH

Forty-second session
FIFTH COMMITTEE
Agenda item 113

FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

Draft resolution proposed by the Vice-Chairman following informal consultations

The General Assembly,

Having considered the financial reports and audited financial statements for the period ended 31 December 1986 of the United Nations Development Programme, the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Training and Research, the voluntary funds administered by the United Nations High Commissioner for Refugees, and the United Nations Fund for Population Activities, 1/ the audit opinions and reports of the Board of Auditors 2/ and the report of the Advisory Committee on Administrative and Budgetary Questions, 3/

Having also considered the relevant reports on internal control procedures relating to the benefits and allowances received by staff members of the United Nations 4/ and on Headquarters catering and gift-shop operations, 5/

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- 1/ A/42/5/Add.1-5 and Add.7.
 - 2/ Ibid.
 - 3/ A/42/579.
 - 4/ A/42/437 and A/42/438.
 - 5/ A/42/399.

Noting with concern that the Board of Auditors for the reasons stated in its report, was not able to express an opinion on the financial statement of the United Nations Children's Fund and issued qualified opinions on the financial statements of the United Nations Development Programme, the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Fund for Population Activities,

Taking into consideration the views expressed by delegations, by the Board of Auditors, by the Advisory Committee on Administrative and Budgetary Questions and by the organizations during the debate in the Fifth Committee on this item and the widely expressed support for measures to improve the efficiency, management, financial accountability and budgetary control of the United Nations organizations and programmes concerned,

1. Accepts the financial reports and audited financial statements and audit opinions and reports of the Board of Auditors regarding the United Nations Development Programme, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Training and Research, the voluntary funds administered by the United Nations High Commissioner for Refugees and the United Nations Fund for Population Activities;

2. Accepts the report and conclusions of the Board of Auditors on the financial statements of the United Nations Children's Fund and requests the Board of Auditors as agreed by UNICEF to carry out an expanded audit of the financial statements of the United Nations Children's Fund for the period ended 31 December 1986, as recommended in the report of the Advisory Committee on Administrative and Budgetary Questions 6/ and to submit its report in a timely manner through the Advisory Committee on Administrative and Budgetary Questions at its spring 1988 session, to the 1988 Executive Board and to the General Assembly at its forty-third session;

3. Requests the governing bodies of the United Nations Development Programme, the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the United Nations Fund for Population Activities to require the executive heads concerned to take immediate steps within their competence to correct the situations or conditions which gave rise to the qualification of the audit opinions of the Board of Auditors;

4. Endorses the concurring observations and recommendations of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions, as contained in their respective reports, and requests the competent governing bodies to ensure that the executive heads concerned take the necessary steps on a priority basis to implement them and to report thereon to the General Assembly at its forty-third session;

6/ A/42/579, para. 28.

5. Further requests the governing bodies of all audited organizations to keep under review all of the other observations and recommendations of the Board of Auditors which fall within each body's terms of reference and to report thereon to the General Assembly at its forty-third session;

6. Requests the Secretary-General and the executive heads of United Nations organizations and programmes concerned to take without delay remedial action within their competence in response to the comments and observations of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions, and to report in 1988 respectively to the governing bodies of these organizations and to the General Assembly on ways of improving the efficiency and effectiveness of financial procedures and controls, including those relating to the payment of benefits and allowances to staff members, and also to improve the accounting system and related administrative and management controls;

7. Recommends that all future reports of the Board of Auditors continue to include separate sections which summarize recommendations for corrective action to be taken by the organizations and programmes concerned, with an indication of relative urgency, and which report on specific measures taken by the Secretary-General and executive heads of these organizations and programmes to implement previous recommendations of the Board and comment on the efficacy of such measures and the extent to which problems recur, giving particular attention, inter alia, to recurrent problems related to over-expenditures, incorrect use of funds, control procedures relating to payments of allowances and benefits and other instances of non-compliance with financial and budgetary regulations and rules;

8. Further recommends that the Board of Auditors in future submit to the General Assembly a concise document summarizing its principal findings and conclusions of common interest, classified by audit area;

9. Requests the Board of Auditors to initiate a study on standardization of the presentation and format of financial statements of all audited organizations and to report to the General Assembly at its forty-third session;

10. Also requests the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions to continue to cover in their reviews the areas relating to the efficiency and effectiveness of the financial procedures and controls, the accounting system and related administrative and management areas, in accordance with regulation 12.5 of the Financial Regulations of the United Nations, and to recommend measures, as appropriate, to strengthen financial and management controls;

11. Decides that while the Board of Auditors should continue to present its reports in accordance with the relevant financial regulations of the governing bodies of the audited organizations, the Board should retain the capacity to submit specific annual reports to the General Assembly and governing bodies should circumstances so warrant;

12. Requests, in this regard, the governing bodies of the audited organizations to keep under review the question of the periodicity of their financial reporting and the relationship to their budgetary cycles, bearing in mind the most recent reports of the Board of Auditors and the discussions in the Fifth Committee, and to report on this matter to the General Assembly at its forty-fourth session;

13. Invites Governments that are represented on the governing bodies of organizations and programmes for which audited financial statements have been considered by the General Assembly to ensure that full consideration is given to the reports of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions and the related comments made in the Fifth Committee;

14. Requests the Board of Auditors to provide the General Assembly with more detailed reports on the special accounts that the audited organizations manage, such as the accounts of the non-core programmes of the United Nations Development Programme;

15. Underlines the importance of an effective audit function in the organizations reported on, and requests the Board of Auditors, the Secretary-General, and the executive heads to ensure that close co-operation is maintained between each organization's internal audit department and the Board of Auditors, particularly with respect to planning, executing and reporting procedures.
