

UNITED NATIONS

SECRETARIAT

ST/AI/241  
8 October 1976

## ADMINISTRATIVE INSTRUCTION

To: All Heads of Departments and Offices, Executive and Administrative Officers  
From: The Assistant Secretary-General (Controller), Office of Financial Services  
Subject: CHANGED AUDIT EMPHASIS BY UNITED NATIONS BOARD OF AUDITORS

1. The purpose of this circular is to acquaint senior officials and others who will be involved in the audit process, including Executive and Administrative Officers and all accounting staff, with the changed audit emphasis which the United Nations Board of Auditors has decided to put into effect forthwith.

2. The Auditors advise that the principal innovations which they propose to implement during the course of the 1976-1977 audit are:

(a) The merging of the staffs assigned to the Board of Auditors by its three members to function as one integrated unit under the direction of a Director-General and three Directors of Audit Operations.

(b) The introduction of a systems audit approach which will shift the emphasis to a considerable degree from the present transactions audit.

3. In systems audit, tests of accounting records and transactions are still necessary, but the nature, extent and timing of these tests are planned largely on the effectiveness, integrity and reliability of the accounting and financial system being audited. In past years, the Board of Auditors has conducted internal control reviews as part of their programme. However, the Auditors advise that the introduction of the systems audit approach will require an in-depth study and evaluation of the existing system of financial management and control in the United Nations.

4. Such a study and evaluation will include the examination of:

(a) The financial direction, guidelines and policies issued by the United Nations Headquarters and the extent of compliance therewith in the various components of the Organization;

(b) The financial systems and control procedures in individual United

Nations entities including budgetary controls, accounting and control of revenues, expenditures, assets, liabilities, and commitments;

(c) The extent to which financial systems and procedures are monitored and audited by internal audit or management advisory groups;

(d) The type, accuracy, timeliness, purpose and use of financial information and reports currently prepared;

(e) The duties, responsibilities and functions of financial and accounting managers and staff with special reference to the system of financial and accounting control as well as the relationships of their function with central financial and accounting units.

5. The Auditors advise that their study will be conducted at all major United Nations units by teams composed of members of the staff of the Board of Auditors. Upon completion of each review, they plan to report and discuss their findings and recommendations with senior officials of the United Nations entity concerned. They will also solicit comments and take them into consideration. Later, a follow-up will be initiated by the Auditors to monitor the progress of action plans developed by the Secretariat as a result of the recommendations of the Auditors or to determine the reasons why their recommendations have not been implemented. Findings and recommendations relating to more than one entity and those which require the consideration of United Nations senior officials will be submitted by the Auditors to these officials, as will findings and recommendations relating to central systems.

6. In order to facilitate the task of the Board of Auditors in the effective application of this programme it is essential that the Auditors have the full co-operation of all concerned. Executive Officers are therefore requested to ensure that copies of this circular are made available to all staff members in their respective departments/offices who may be involved in the audit process.

-----