



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MS. SONDR CHEONG, FIRST SECRETARY OF THE PERMANENT MISSION OF THE COOPERATIVE REPUBLIC OF GUYANA TO THE UNITED NATIONS, ON AGENDA ITEM 138: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS AND REPORTS OF THE BOARD OF AUDITORS, AT THE FIFTH COMMITTEE DURING THE MAIN PART OF THE SEVENTY-FIFTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

(New York, November 9, 2020)

Mr. Chair,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 138: "Financial reports and audited financial statements and reports of the Board of Auditors".

2. The Group of 77 and China would like to thank Mr. Peter Korn, Director of External Audit and Chair of the Audit Operations Committee, Board of Auditors for introducing the reports of the Board for the financial year ending December 2019. The Group also wishes to thank Mr. Johannes Huisman, Director, Programme Planning and Budget Division, Office of Programme Planning, Finance and Budget, as well as Mr. Abdallah Bachar Bong, Chair of the Advisory Committee on Administrative and Budgetary Questions for introducing the respective related reports.

3. The Group of 77 and China continue to attach great importance to the work of the Board of Auditors in discharging external oversight of the Organization. We also welcome the submission of the audited financial statements for the year ended 31 December 2019.

Mr. Chair,

4. The Group is pleased to note that the Board of Auditors was able to fulfill its important role for the United Nations despite the challenges imposed by the COVID-19 pandemic, in presenting comprehensive and high-quality reports to the General Assembly. We also value the fact that all the audited entities have received unqualified audit opinions. We call upon all entities to continue to strengthen their financial controls by addressing the weaknesses identified by the Board, while preserving the accomplishments thus far.

5. The Group is concerned that 11 entities had closed the financial year with a surplus, and that 6 had recorded a deficit, a deterioration of the situation found last year, when those numbers were respectively 13 and 4. Despite these

deficits, the Board assessed that all entities had solvency and liquidity ratios that were generally sufficient. However, the Group notes with concern that, once again this year, the United Nations peacekeeping operations were found to be in a more fragile situation regarding their solvency and liquidity ratios as compared to other UN entities. This has become a worrisome trend, caused mainly by non-payment of assessed contributions by Member States.

6. The Board of Auditors also noted that the periodic cash shortage in the regular budget in 2019 had forced the Organization to revert to borrowings from the Working Capital Fund and from the Special Account, neither of which had been repaid within the same fiscal year. The Group once again reiterates its call on all Member States to pay their assessed contributions in full, on time and without conditions.

7. Also on the subject of the liquidity crisis and the remedies being used by the Organization to address this issue, the Group noted that the Board of Auditors recommended that the Administration review the authority, basis and structure of the tax equalization, cost recovery and other support service funds. The Group will analyze the implications of this recommendation carefully, bearing in mind our strong defense of the prerogatives of the Fifth Committee as the appropriate Main Committee of the General Assembly entrusted with responsibilities for administrative and budgetary matters of the Organization.

Mr. Chair,

8. The Group notes with apprehension that the implementation of the Board's recommendations by the Organization is still far from satisfactory, despite a slight improvement since last year. Only 41 per cent of the recommendations issued up to the year 2019 had been fully implemented, and the United Nations (vol. I) remains among the UN entities with the lowest rate.

9. The Group stresses the need for all entities to undertake prompt actions to ensure that the accepted recommendations of the Board of Auditors are implemented as a matter of priority, as has been decided by the General Assembly on several prior occasions, notably on its last resolution on this agenda item, A/RES/74/249.

Mr. Chair,

10. The Group of 77 and China also note the need to address, in a resolute manner, the issue of the after-service health insurance, particularly the inaccuracy of data used to assess the related liabilities and their actuarial

Administration must be guided by the framework established by Resolution 72/279 in its paragraph 10.

12. Finally, the Group would like to mention the findings of the Board regarding the use of non-staff personnel, namely consultants. The Group believes the highest levels of transparency should be observed for any such hiring, according to the relevant legislation approved by the General Assembly. We once again reiterate that the Organization should only resort to the use of external consultants in extraordinary circumstances when it cannot count on in-house expertise, keeping it to an absolute minimum.

13. The Group will carefully review the reports and financial statements to identify specific concerns and potential systemic issues. We will build on the findings contained in these statements in the discussions ahead, in particular with respect to the UN management reforms, the delegation of authority framework, Umoja, the U