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S U P P O R T

UNITED NATIONS FUND FOR POPULATION ACTIVITIES

Report on the reaction of participating and executing agencies
and the Panel of External Auditors in regard to narrative audit reports

Summary

This document contains the report of the Executive Director on the reaction of the participating and executing agencies and the Panel of External Auditors to the views expressed by the Budgetary and Finance Committee in regard to the importance of receiving narrative audit reports (decision 84/21, VII, paragraphs 1 and 2).

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INTRODUCTION

1. The audited accounts of the participating and executing agencies relating to funds allocated to them by the United Nations Fund for Population Activities (UNFPA) are submitted annually to the Governing Council for its information in accordance with Financial Regulation 17.1. Those for the year ending on 31 December 1983 are contained in document DP/1985/41.

2. The Governing Council, at its thirty-first session, in considering the audited accounts of the participating and executing agencies for the year 1982 as contained in DP/1984/39 and the views expressed by its Budgetary and Finance Committee emphasized, in decision 84/21, Section VII, paragraphs 1 and 2 "the importance which the Council attaches to receiving narrative audit reports which disclose the results of audits that are sufficiently wide in scope as to cover those areas which the Council has identified in its previous decisions, including, in particular, the audit of the effectiveness of financial management" (paragraph 1) and requested "the Executive Director ... to bring this decision, and the views expressed by the Budgetary and Finance Committee in the course of its discussion of this matter, to the attention of the Panel of External Auditors and of the administrations of the participating and executing agencies, and to report to the Council on their reaction".

I. REACTION OF PARTICIPATING AND EXECUTING AGENCIES AND PANEL OF EXTERNAL AUDITORS

3. In accordance with the Council's request, UNFPA brought this decision, and the views expressed by the Budgetary and Finance Committee in the course of its discussion of this matter, to the attention of the Panel of External Auditors and the administrations of the participating and executing agencies and sought their reaction.

4. None of the participating and executing agencies have any objections to the external auditors providing narrative audit reports which disclose the results of audits that are sufficiently wide in scope including, in particular, the audit of the effectiveness of financial management. However, as the audit and ultimate issuance of the audit reports rest with the external auditors, the agencies felt that any resulting action would depend on the reaction to the proposal by the Panel of External Auditors.

5. The Panel of External Auditors is of the opinion that the length of an audit report is determined by the size of the account being audited and, therefore, in the case of certain participating and executing agencies of UNFPA, the amount of the expenditures is not substantial enough for the external auditors to produce a long-form audit report. As for the audit on the effectiveness of financial management, the Panel recalled the consensus reached by its members in 1982, when a similar request was considered and at that time the Panel indicated that the emphasis on effectiveness-auditing being placed by Panel members should be gradually increased and that the findings will continue to be reflected, as appropriate in their audit reports.

II. CONCLUSION

6. UNFPA at this stage considers that it should keep in close touch with the administrations of the participating and executing agencies with the view to bringing out any highlights in the audit of the effectiveness of financial management in forthcoming audits. Furthermore, as requested by the Governing Council, the Executive Director will henceforth provide annually an oral report to the Budgetary and Finance Committee in regard to UNFPA's annual audit as submitted to the Fifth Committee of the General Assembly and UNFPA's response to such audits.

7. In so far as the audited financial statements of the participating and executing agencies which have been presented in document DP/1985/41 are concerned, the reports of the external auditors do not contain any qualifications or adverse comments.

