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The 39th Session of IDB

Statement by Mr. Aziz Ahmed Bilour
Federal Secretary, Ministry of Industries & Production
Government of Pakistan
Vienna, 22-24 June 2011

Agenda Item 4: Report of the Programme and Budget Committee:

- a) Report of the External Auditor
- j) Appointment of External Auditor

Mr. President,

On behalf of the Pakistan delegation, I congratulate you on your election as the President of the current session of the IDB. I also felicitate the other distinguished members of the Bureau on their election. I assure you of my delegation's full support for very fruitful and productive deliberations.

2. My delegation associates itself with the statements of the Group of 77 & China, and the Asian Group. We have examined the Report of the External Auditor for the financial year 2010. It is an elaborate, well documented report. It goes beyond merely set forth audit observations and recommendations. It explains the underlying concepts. It also furnishes concise information about the International Public Sector Accounting Standards. This certainly adds to the value of the report and makes it more useful. We appreciate all this and thank the External Auditor and his team for their hard work and professionalism.

Mr. President,

3. My delegation commends the Secretariat for having successfully undertaken the transition to IPSAS. It has done so within the planned time-frame. We hope the standards would be adopted in a manner equally positive and efficient.

4. The report indicates that the long-term employee benefit liabilities have risen rapidly. These touched Euro 123 million by 31st December 2010. My delegation would suggest that the Secretariat kindly provide, in due course, relevant information to member states together with options available to meet this liability.

Mr. President,

5. We have taken note of the External Auditor's observations about implementation of the Programme for Change and Organizational Renewal, and the Enterprise Resource Planning. We appreciate progress made on the former and suggest that action on the latter be expedited. We believe that decentralization and delegation of powers would enhance output and should be pursued on priority.

Mr. President,

5. The report points out that aggregate information on project portfolio is not available. Also, it underlines some gaps in project performance monitoring. These need to be addressed, if only to strengthen accountability and to facilitate a fair and continuous assessment of programme objectives.

6. My delegation is confident that the Secretariat would address all the observations of the External Auditor. It would also take action on the outstanding recommendations of the previous audit reports.

7. Before I conclude, Mr. President I would like to briefly touch on the appointment of External Auditor.

8. As the distinguished members are aware, my Government has presented the candidature of Mr. Tanwir Ali Agha, the Auditor General of Pakistan, for re-election as the External Auditor of UNIDO. It would be for a third term beginning from July 2012. This bid for re-election is in complete accord with the practice followed by UNIDO and important international organizations including the IAEA, the UN, UNESCO and WIPO. They appoint External Auditor for a minimum of three terms of two years duration each.

9. In UNIDO, all the three previous External Auditors had multiple terms. Those from Belgium and Germany had four terms each and these were 1986-1994 for Belgium and 1994 - 2006 for Germany. The External Auditor from South Africa had three terms from 2002 to 2008. Pakistan's nominee is currently running into a second term which would expire in June next year.

Mr. President,

10. This practice of a minimum of three terms is based on very practical considerations. A shorter stint would involve more frequent changes and would militate against consistency which is so essential in audit and accounts. The International Organization of Supreme Audit Institutions (INTOSAI) has, in fact, made it one of the principles of best audit arrangements. According to this principle "an appointment of between 4 and 8 years will provide a reasonable balance between the additional cost of changing the external auditor and the benefits of the change".

11. Also, the Joint Inspection Unit of the UN, in its report JIU/REP/2010/5 titled 'The Audit Function in the UN System', has proposed that 'The legislative bodies of the United Nations system organizations should ... select an external auditor among competitive and interested supreme audit institutions (SAIs) for a term of four to six years...'.

Mr. President,

12. Equitable geographic representation and rotation of senior posts is a principle widely followed by international organizations. Pakistan is the first country from the Asian Group to serve as the External Auditor of UNIDO. Our bid of re-election is in full accord with the principles of equity and fairness, continuity and consistency.

13. In addition, UNIDO has adopted the International Public Sector Accounting Standards (IPSAS) with effect from 1 January 2010. The Auditor General of Pakistan has been closely associated with the process right from the preparatory phase. UNIDO has opted for certain transitional provisions. These necessitate that the present External Auditor should advise, monitor and audit the implementation of IPSAS during this transitional period.

Mr. President,

14. As regards the professional standing of the candidate from my country, he is eminently qualified for this position. The Auditor-General of Pakistan is a constitutional post. It represents the supreme audit institution of the country. It is occupied by officials of the highest merit and distinction. It has successfully audited important international organizations. It has served on the Board of the UN Auditors for 15 years and has worked as the External Auditor of the Organization for the Prohibition of Chemical Weapons (OPCW). Also, it has audited several regional organizations including SAARC, OIC and ECO.

15. Mr. President, my delegation believes that in consideration of the past practice, the time-honoured principle of equitable geographical representation, the long-term interest of the Organization as well as the outstanding credentials of our candidate, the Auditor General of Pakistan merits the support of the member states.

16. Before I conclude, Mr. President, my delegation wishes to express sincere thanks to the Group of 77 & China as well as to the Asian Group for endorsing our candidature. I would like also to convey our appreciation to the Republic of Turkey and to the Kingdom of Spain for withdrawing their candidature in the spirit of understanding. We highly value this.

Thank you, Mr. President.
