



# United Nations Industrial Development Organization

Distr.: General  
11 March 2013

Original: English

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## Industrial Development Board

### Forty-first session

Vienna, 24-27 June 2013

Item 4 (h) of the provisional agenda

### Financial regulations

## Programme and Budget Committee

### Twenty-ninth session

Vienna, 22-24 May 2013

Item 11 of the provisional agenda

### Financial regulations

## Financial Regulations of UNIDO

### Note by the Secretariat

Following the reduction of the number of Board sessions in non-General Conference years to one regular session (decision IDB.39/Dec.7 (f)), the present document proposes an amendment to the Financial Regulations of UNIDO in order to comply with the revised calendar of sessions of the policymaking organs.

## I. Introduction

1. At its thirty-ninth session the Industrial Development Board decided to reduce the number of Board sessions in non-General Conference years to one regular session (decision IDB.39/Dec.7 (f)). This decision affected the schedule of sessions of the Programme and Budget Committee and the Industrial Development Board in such years. As a result an amendment to the financial regulations, in particular as it relates to the reporting deadlines of the External Auditor, became necessary.

2. Following a number of amendments to bring the Financial Regulations of UNIDO in compliance with the International Public Sector Accounting Standards (IPSAS), an amended version was brought to the attention of the Programme and Budget Committee at its twenty-eighth session (PBC.28/CRP.2). The present document informs the Committee of a proposed change relating to the reporting of the External Auditor.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

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## II. Proposed revision to the financial regulations

3. The proposed change consists of an amendment to financial regulation 11.10 pertaining to the reporting deadline for the External Auditor. The annex to the present document contains the actual amendment to the financial regulations, whereas the background and context of this change is summarized in the paragraphs below.

4. With the most recent amendments introduced to the financial regulations, as approved by the General Conference at its fourteenth session (decision GC.14/Dec.16), annual audits by the External Auditor, including the audit of financial statements, were institutionalized. Currently, financial regulation 11.10 foresees that “the External Auditor’s reports, together with the audited financial statements, shall be completed by not later than 20 April for the first year of the biennium and 1 June for the second year of the biennium, following the financial year to which they relate and shall be transmitted through the Programme and Budget Committee to the Board in accordance with directions given by the Conference”.

5. Following the reduction of Board sessions in non-General Conference years, the regular schedule of meetings foresees a session of the Programme and Budget Committee in May and a Board session in November. During General Conference years, the Committee meets in May and the Board in June.

6. It is expected that for the coming years, the production of annual financial statements could be completed by 20 March of each financial year, for submission to the External Auditor, and subsequently to the policymaking organs in the order specified in the amended financial regulation 11.10. As this needs to be in compliance with the regular schedule of meetings of the policymaking organs, it is proposed that the External Auditor’s reports and the audited financial statements shall be completed not later than 20 April. This deadline shall apply to both audit reports, for the first year of the biennium and for the second year of the biennium, following the financial year to which they relate. The established practice that these documents shall be transmitted through the Committee to the Board shall remain unchanged. Furthermore, and also in continuation of the current practice, the Committee shall examine the financial statements as well as the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments, as it deems appropriate.

7. In light of the above, the proposed amendment to the financial regulations establishes a revised deadline for the submission of the report of the External Auditor as presented in the annex to the current document. In accordance with Article 8.3 (c) of the Constitution as well as financial regulation 12.2, this amendment shall be presented through the Committee to the Board for submission to the General Conference for consideration and adoption.

### **III. Action required of the Committee**

8. The Committee may wish to consider recommending to the Board the adoption of the following draft decision:

“The Industrial Development Board:

(a) Takes note of the information contained in document IDB.41/14-PBC.29/14, including the proposed amendment to the financial regulations deemed necessary for compliance with the schedule of regular sessions of the policymaking organs;

(b) Decides to submit to the General Conference at its fifteenth session for consideration and adoption the amendment to the Financial Regulations of UNIDO as set out in the annex of document IDB.41/14-PBC.29/14.”

## Annex

# Proposed amended text to the Financial Regulations of UNIDO

## ARTICLE XI. EXTERNAL AUDIT

### Reporting

Regulation 11.10: The External Auditor's reports, together with the audited financial statements, shall be completed [by] not later than 20 April [for the first year of the biennium and 1 June for the second year of the biennium, following the financial year to which they relate] and shall be transmitted through the Programme and Budget Committee to the Board in accordance with directions given by the Conference. The Programme and Budget Committee shall examine the financial statements and the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments, as it deems appropriate.

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