



## General Assembly

Distr.  
General

A/46/546  
9 October 1991

ORIGINAL: ENGLISH

Forty-sixth session  
Agenda item 111

ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS  
WITH THE SPECIALIZED AGENCIES AND THE INTERNATIONAL ATOMIC  
ENERGY AGENCY

Report of the Advisory Committee on Administrative and  
Budgetary Questions

1. The Advisory **Committee** on Administrative and Budgetary Questions has considered the note by the Secretary-General transmitting an interim study **on** the need **for the** development of accounting standards **to be applied in** the United Nations system (A/46/341), prepared by the Panel of External Auditors in accordance with General Assembly resolution **45/235** of 21 December 1990.
2. The Advisory Committee recalls that the General Assembly **made its** request for the preparation of such a study **on the** recommendation **of the** Advisory Committee, following a meeting between the Committee and the Panel of External Auditors **at** which the question **of** the development of generally accepted accounting principles to be applied by United Nations **organizations** was discussed, together with related subjects on which the Advisory Committee shared the concerns of the Panel. The Committee's views with regard to the urgent need for such a study, **utilizing the services** of the International Accounting Standards Committee (**IASC**), **were** reflected in its report (A/45/570) on the financial reports and audited financial statements **and** reports of the Board of Auditors.
3. As a result of further discussions between the Advisory Committee **and** the Panel in April 1991, **it was agreed** that the Panel would expand on **the work** already **completed in preparation for its submission** to the forty-sixth session of **the** General Assembly. The Advisory **Committee** understands that **the** interim study has also been **the** subject of several inter-agency discussions during the year.

4. **Having considered the** current submission of **the** Panel (A/46/341), the Advisory Committee is further convinced of **the urgent need for reviewing, formulating and adopting common accounting standards to be applied in the United Nations system. The Committee urges that the agencies in the** Administrative Committee on **Coordination also regard this matter as a** priority, **with a view to bringing about a satisfactory conclusion to the discussions referred to above before the start of the forty-seventh session of the General Assembly.**

5. Should **the** agencies be unable to reach agreement, the Advisory Committee *recommends* that the United Nations **itself commission** the Panel of External Auditors to prepare a comprehensive study, in time for **it to be** considered by the General Assembly before the end of **its** forty-seventh **session. In the Advisory Committee's view, the cost of the study should be modest. cost estimates for the study** should be provided by the Secretariat to the Fifth Committee before its consideration *of* this item during the **current** session.

6. The study, which would be for application, in the first instance, to the United Nations and its programmes, would **take into** account all the issues outlined in **the** present **docume nt**, and should utilise **the** services of an audit expert, **whose terms** of reference would be to develop a set of common accounting standards based on **the** standards of **organizations** such as the International Accounting Standards Committee (IASC) and **the** International **Organization** of Supreme Audit Institutions (INTOSAI) and amended as appropriate to suit the United Nations system. The expert would also need to be thoroughly **familiar with the United Nations system and would need to work** closely with **the** administrations in coordination and cooperation with the External Auditors of the United Nations **organizations** to ensure that all views and needs are taken into **con:ideration.**

7. The Advisory Committee will revert to this matter, **either on the basis of** the agreement which would **emerge from the deliberations in ACC, or on the** basis of the study described *in the preceeding paragraph*, and report to the General Assembly at its forty-seventh session.

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