

**2007/3. UNICEF financial report and the audited financial statements for the biennium ended 31 December 2005 and the report of the Board of Auditors**

The Executive Board,

1. *Takes note of* the report of the Board of Auditors (A/61/5/Add.2), the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors on the financial statements of the United Nations funds and programmes for the financial period ended 31 December 2005 (A/61/214/Add.1), and the report of the Advisory Committee on Administrative and Budgetary Questions (A/61/61/350);
2. *Welcomes* the unqualified opinion of the Board of Auditors on the UNICEF financial statements;
3. *Takes note of* the progress made by UNICEF in implementing the recommendations of the Board of Auditors for the biennium ended 31 December 2005, and the one ended 31 December 2003, and of the specific efforts made by management to improve transparency and to promote managerial accountability and ownership in dealing with audit recommendations;
4. *Requests* the Executive Director of UNICEF to build on progress achieved and to continue to implement the recommendations of the Board of Auditors in a timely way, and requests UNICEF to provide the Executive Board with a report at its second regular session of 2007 including: an overview of the strategic implications of the recommendations for the management and strategy of UNICEF, such as the implications of the significant increase in total year-end unexpended funds, the rising levels of other resources contributions and the development of common services; and an update on the implementation of the main recommendations;
5. *Takes note with appreciation* of the steps taken by the Executive Director to work with the United Nations Development Programme, the United Nations Population Fund and other agencies to standardize their financial management in the context of the transition to International Public Sector Accounting Standards-based accounting, and requests to be informed on the progress of this work.

*First regular session  
18 January 2007*

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