



2017
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Report of the Secretary-General

Part III: Administrative and statutory matters

(h) Amendment to Article 12(g) and Article 26 of the Statutes, and paragraph 11 of the Financing Rules

I. Introduction

1. The present document presents amendments to the Statutes and its Financing Rules and to the Financial Regulations of the Organization which are transmitted to the General Assembly (GA) at its twenty-second session for its approval.
2. The basis for the revision of the Statutes was presented to the Members of the Organization at the twenty-first session of the GA (A/21/8(II)(e)). Consequently, the GA, following the recommendation of the EC, in resolution A/RES/661(XXI) requested the Secretary-General "to prepare an amendment to Article 26 of the Statutes in order to reduce to one the number of external auditors and to submit it to the twenty-second session of the General Assembly for approval".
3. Prior to the formal approval of the said amendments by the GA, resolution A/RES/661(XXI) designated a single External Auditor for the period 2016-2017. Therefore, the UNWTO Financial Statements for the year ending 2015 (CE/103/7(b)) were audited in 2016 by a single External Auditor in contrast to previous years which annual Financial Statements were audited by two External Auditors, except for the period 2014-2015 in which the Financial Statements were audited by three External Auditors on an exceptional basis.

II. Proposed amendments

4. The resolution taken by the GA (A/RES/661(XXI)) and the proposed amendments to the Statutes and Rules and Regulations proposed in this document to reduce the number of External Auditors of the Organization to one, brings the UNWTO in line with the "single audit" principle adopted by most UN system organizations. Most UN System Specialised Agencies have one External Auditor. The UN and some other UN system organizations has a Board of Auditors, the members of which have joint responsibility (single audit) for the External Audit function.



5. The proposed amended Statutes (Articles 12 (g) and 26), Financing Rules (paragraph 11) and Financial Regulations (regulation 15.1) are presented as Annex I of this document with amendments shown in block underline italics.

6. In order to align the statutory documents of the Organization to this proposed amendment, the following rules and regulations of the Rules of Procedure of the Executive Council, the Financial Regulations and the Detailed Financial Rules require amendment to replace the words Auditors/External Auditors by Auditor/External Auditor respectively as shown in Annex I:

- (a) Rules of Procedure of the Executive Council: rule 6.7;
- (b) Financial Regulations: financial regulations (FR) 13.4, 14.6, 15.2, 16.2, 16.3, 16.4, 16.5, 17.1, 17.2 and articles 1, 1(e), 2, 3, 4, 5, 5(b), 5(h), 5(i), 6, 7, 8, 9 and 10 of its Annex I; and
- (c) Detailed Financial Rules: detailed financial rule (DFR) VIII.

III. Actions to be taken by the General Assembly

7. The General Assembly is invited:

(a) To approve the amendments to the Statutes (Article 12 (g) and Article 26) and to the Financing Rules (paragraph 11) with the following wording:

- a. "Article 12 (g): to elect the Auditor on the recommendation of the Council";
- b. "Article 26: 1. The accounts of the Organization shall be examined by an Auditor elected by the Assembly on the recommendation of the Council for a period of two years. The Auditor shall be eligible for re-election;

2: The Auditor, in addition to examining the accounts, may make such observations as they deem necessary with respect to the efficiency of the financial procedures and management, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices"; and
- c. Annex Financing Rules "Paragraph 11: The accounts of the Organization for the last financial year shall be transmitted by the Secretary-General to the Auditor and to the competent organ of the Council.

The Auditor shall report to the Council and to the Assembly"

(b) To recall that these amendments will take effect on the date when their ratification occurs in accordance with Article 33 of the Statutes;

(c) To approve the amendment to the Financial Regulations (Financial Regulation 15.1) as presented in Annex I of this document and consequently align the required rule, regulations, and detailed financial rule of the Rules of Procedure of the Executive Council, the Financial Regulations and the Detailed Financial Rules respectively presented in Annex I of this document to replace the words Auditors/External Auditors by Auditor/External Auditor respectively with the understanding that such amendments will only come into force on the date of entry into force of the aforementioned amendments to the Statutes and to the Financing Rules.

Annex I. Amended Statutes, Financing Rules, Financial Regulations, Detailed Financial Rules and of Procedure of the Executive Council, compared to current Statutes, Financing Rules, Financial Regulations, Detailed Financial Rules and of Procedure of the Executive Council

A. Amended Articles 12 (g) and 26 of the Statutes, paragraph 11 of the Financing Rules and regulation 15.1 of the Financial Regulations

Present Statutes	Proposed Statutes (amendments shown <i><u>in block underlined italics</u></i>)
<p>Article 12 (g)</p> <p>The Assembly may consider any question and make recommendations on any matter within the competence of the Organization. Its functions, other than those which have been conferred on it elsewhere in the present Statutes, shall be: (g): to elect the Auditors on the recommendation of the Council.</p>	<p>Article 12 (g)</p> <p>The Assembly may consider any question and make recommendations on any matter within the competence of the Organization. Its functions, other than those which have been conferred on it elsewhere in the present Statutes, shall be: (g): to elect the <u>Auditor</u> on the recommendation of the Council.</p>
<p>Article 26</p> <ol style="list-style-type: none"> 1. The accounts of the Organization shall be examined by two Auditors elected by the Assembly on the recommendation of the Council for a period of two years. The Auditors shall be eligible for re-election 2. The Auditors, in addition to examining the accounts, may make such observations as they deem necessary with respect to the efficiency of the financial procedures and management, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. 	<p>Article 26</p> <ol style="list-style-type: none"> 1. The accounts of the Organization shall be examined by <u>an Auditor</u> elected by the Assembly on the recommendation of the Council for a period of two years. The <u>Auditor</u> shall be eligible for re-election. 2. The <u>Auditor</u>, in addition to examining the accounts, may make such observations as they deem necessary with respect to the efficiency of the financial procedures and management, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices.
<p>Annex Financing Rules paragraph 11</p> <p>The accounts of the Organization for the last financial year shall be transmitted by the Secretary-General to the Auditors and to the competent organ of the Council.</p> <p>The Auditors shall report to the Council and to the Assembly.</p>	<p>Annex Financing Rules paragraph 11</p> <p>The accounts of the Organization for the last financial year shall be transmitted by the Secretary-General to the <u>Auditor</u> and to the competent organ of the Council.</p> <p>The <u>Auditor</u> shall report to the Council and to the Assembly.</p>

Present Financial Regulation	Proposed Financial Regulation (amendments shown <i><u>in block underlined italics</u></i>)
<p>Regulation 15</p> <p>The Assembly shall elect from among its Full Members, on the recommendation of the Council, two External Auditors to audit the accounts of the Organization.</p>	<p>Regulation 15</p> <p>The Assembly shall elect from among its Full Members, on the recommendation of the Council, <i><u>an External Auditor</u></i> to audit the accounts of the Organization.</p>

B. Amended articles of the Rules of Procedure of the Executive Council, the Financial Regulations and the Detailed Financial Rules to replace the words Auditors/External Auditors by Auditor/External Auditor:

Present Rules of Procedure of the Executive Council	Proposed Rules of Procedure of the Executive Council (amendments shown <i><u>in block underlined italics</u></i>)
<p>Rule 6.7</p> <p>The Chairman shall invite the Chairmen of the subsidiary organs of the Council and representatives of the Regional Commissions to participate in Council sessions. He may also invite the Auditors.</p>	<p>Rule 6.7</p> <p>The Chairman shall invite the Chairmen of the subsidiary organs of the Council and representatives of the Regional Commissions to participate in Council sessions. He may also invite the <i><u>Auditor</u></i>.</p>

Present Financial Regulation	Proposed Financial Regulation (amendments shown <i><u>in block underlined italics</u></i>)
<p>FR 13.4</p> <p>The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided a statement thereof is submitted to the External Auditors with the accounts.</p>	<p>FR 13.4</p> <p>The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided a statement thereof is submitted to the External <i><u>Auditor</u></i> with the accounts.</p>
<p>FR 14.6</p> <p>The financial statements for each financial year of the financial period shall be submitted by the Secretary-General to the External Auditors elected under regulation 15 by 31 March following the end of that financial year.</p>	<p>FR 14.6</p> <p>The financial statements for each financial year of the financial period shall be submitted by the Secretary-General to the External <i><u>Auditor</u></i> elected under regulation 15 by 31 March following the end of that financial year.</p>
<p>FR 15.2</p> <p>The External Auditors shall be elected for a two-year term of office. Their term of office shall be renewable.</p>	<p>FR 15.2</p> <p>The External <i><u>Auditor</u></i> shall be elected for a two-year term of office. Their term of office shall be renewable.</p>

<p>FR 16.2</p> <p>In addition to auditing, the External Auditors may make any observations they consider necessary with respect to the efficiency of the financial procedures and administration, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. They shall carry out their duties in accordance with the provisions of Article 26 (2) of the Statutes.</p>	<p>FR 16.2</p> <p>In addition to auditing, the External <u>Auditor</u> may make any observations they consider necessary with respect to the efficiency of the financial procedures and administration, the accounting system, the internal financial controls and, in general, the financial consequences of administrative practices. They shall carry out their duties in accordance with the provisions of Article 26 (2) of the Statutes.</p>
<p>FR 16.3</p> <p>The External Auditors shall be independent and solely responsible for the conduct of the audit.</p>	<p>FR 16.3</p> <p>The External <u>Auditor</u> shall be independent and solely responsible for the conduct of the audit.</p>
<p>FR 16.4</p> <p>The Council may request the External Auditors to perform certain specific examinations and submit separate reports on the results.</p>	<p>FR 16.4</p> <p>The Council may request the External <u>Auditor</u> to perform certain specific examinations and submit separate reports on the results.</p>
<p>FR 16.5</p> <p>The Secretary-General shall provide the External Auditors with the facilities they may require in the performance of the audit.</p>	<p>FR 16.5</p> <p>The Secretary-General shall provide the External <u>Auditor</u> with the facilities they may require in the performance of the audit.</p>
<p>FR 17.1</p> <p>The External Auditors shall submit a report on the audit of the financial statements and relevant schedules, which shall include such information as they deem necessary.</p>	<p>FR 17.1</p> <p>The External <u>Auditor</u> shall submit a report on the audit of the financial statements and relevant schedules, which shall include such information as they deem necessary.</p>
<p>FR 17.2</p> <p>The report of the External Auditors shall be transmitted to the Council, together with the audited financial statements, in accordance with any directions given by the Assembly. The Council shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.</p>	<p>FR 17.2</p> <p>The report of the External <u>Auditor</u> shall be transmitted to the Council, together with the audited financial statements, in accordance with any directions given by the Assembly. The Council shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.</p>
<p>FR Annex I Art 1</p> <p>The External Auditors shall perform jointly and severally the audit of the accounts of the</p>	<p>FR Annex I Art 1</p> <p>The External <u>Auditor</u> shall perform jointly and severally the audit of the accounts of the</p>

Organization, including all Funds in Trust, in order to satisfy themselves:	Organization, including all Funds in Trust, in order to satisfy themselves:
FR Annex I Art 1(e)	FR Annex I Art 1(e)
that the procedures satisfactory to the External Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits.	that the procedures satisfactory to the External <u>Auditor</u> have been applied to the recording of all assets, liabilities, surpluses and deficits.
FR Annex I Art 2	FR Annex I Art 2
The External Auditors shall be the sole judges as to the acceptance wholly or partly of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as they choose of all financial records, including those relating to supplies and equipment.	The External <u>Auditor</u> shall be the sole judges as to the acceptance wholly or partly of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as they choose of all financial records, including those relating to supplies and equipment.
FR Annex I Art 3	FR Annex I Art 3
The External Auditors shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Auditors, necessary for the performance of the audit. The External Auditors shall respect the confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit.	The External <u>Auditor</u> shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the <u>Auditor</u> , necessary for the performance of the audit. The External <u>Auditor</u> shall respect the confidential nature of any information so classified which has been made available and shall not make use of it except in direct connection with the performance of the audit.
FR Annex I Art 4	FR Annex I Art 4
The External Auditors shall have no power to disallow items in the accounts and financial statements but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which they entertain doubt as to legality or propriety. Audit objections to these or any other transactions, arising during the examination of the accounts, shall be communicated immediately to the Secretary-General.	The External <u>Auditor</u> shall have no power to disallow items in the accounts and financial statements but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which they entertain doubt as to legality or propriety. Audit objections to these or any other transactions, arising during the examination of the accounts, shall be communicated immediately to the Secretary-General.
FR Annex I Art 5	FR Annex I Art 5
The External Auditors shall express and sign an opinion on the financial statements. The opinion shall include the following basic elements	The External <u>Auditor</u> shall express and sign an opinion on the financial statements. The opinion shall include the following basic elements

<p>FR Annex I Art 5 (b)</p> <p>a reference to the responsibility of the Secretary-General and the responsibility of the External Auditors;</p>	<p>FR Annex I Art 5 (b)</p> <p>a reference to the responsibility of the Secretary-General and the responsibility of the External <u>Auditor</u>;</p>
<p>FR Annex I Art 5 (h)</p> <p>the name and position of the External Auditors;</p>	<p>FR Annex I Art 5 (h)</p> <p>the name and position of the External <u>Auditor</u>;</p>
<p>Annex I Art 5 (i)</p> <p>should it be necessary, a reference to the report of the External Auditors on the financial statements.</p>	<p>Annex I Art 5 (i)</p> <p>should it be necessary, a reference to the report of the External <u>Auditor</u> on the financial statements.</p>
<p>FR Annex I Art 6</p> <p>The report of the External Auditors on the financial statements should mention:</p>	<p>FR Annex I Art 6</p> <p>The report of the External <u>Auditor</u> on the financial statements should mention:</p>
<p>FR Annex I Art 7</p> <p>The External Auditors may make such observations with respect to their findings resulting from the audit and such comments on the Secretary-General's financial report as they deem appropriate to the General Assembly or to the Secretary-General.</p>	<p>FR Annex I Art 7</p> <p>The External <u>Auditor</u> may make such observations with respect to their findings resulting from the audit and such comments on the Secretary-General's financial report as they deem appropriate to the General Assembly or to the Secretary-General.</p>
<p>FR Annex I Art 8</p> <p>Whenever the scope of audit of the External Auditors is restricted, or whenever the External Auditors are unable to obtain sufficient evidence, they shall refer to the matter in their report, making clear the reasons for their comments and the effects on the financial position and the financial transactions as recorded.</p>	<p>FR Annex I Art 8</p> <p>Whenever the scope of audit of the External <u>Auditor</u> is restricted, or whenever the External <u>Auditor is</u> unable to obtain sufficient evidence, they shall refer to the matter in their report, making clear the reasons for their comments and the effects on the financial position and the financial transactions as recorded.</p>
<p>FR Annex I Art 9</p> <p>In no case shall be External Auditors include criticism in their report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.</p>	<p>FR Annex I Art 9</p> <p>In no case shall be External <u>Auditor</u> include criticism in their report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.</p>
<p>Annex I Art 10</p> <p>The External Auditors are not required to mention any matter referred to in the foregoing which, in their opinion, is insignificant in all respects.</p>	<p>Annex I Art 10</p> <p>The External <u>Auditor is</u> not required to mention any matter referred to in the foregoing which, in their opinion, is insignificant in all respects.</p>

Present Detailed Financial Rules	Proposed Detailed Financial Rules (amendments shown <i>in block underlined italics</i>)
<p>DFR VIII</p> <p>All funds and accounts of the Organization including the General Fund, the Voluntary Contribution Fund and Fund in Trust are subject to audit each year by the external auditors of the Organization.</p>	<p>DFR VIII</p> <p>All funds and accounts of the Organization including the General Fund, the Voluntary Contribution Fund and Fund in Trust are subject to audit each year by the external <i>auditor</i> of the Organization.</p>