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Chair: Mr. Bhattarai (Nepal)
*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 10.05 a.m.

Agenda item 134: Proposed programme budget for the biennium 2016-2017 (continued) (A/70/6 (Introduction), A/70/6 (Sect. 1), A/70/6 (Sect. 2), A/70/6 (Sect. 2)/Corr.1, A/70/6 (Sect. 3), A/70/6 (Sect. 3)/Corr.1, A/70/6 (Sect. 4), A/70/6 (Sect. 5), A/70/6 (Sect. 6), A/70/6 (Sect. 7), A/70/6 (Sect. 8), A/70/6 (Sect. 8)/Corr.1, A/70/6 (Sect. 9), A/70/6 (Sect. 10), A/70/6 (Sect. 11), A/70/6 (Sect. 12), A/70/6 (Sect. 13), A/70/6 (Sect. 14), A/70/6 (Sect. 14)/Corr.1, A/70/6 (Sect. 15), A/70/6 (Sect. 16), A/70/6 (Sect. 17), A/70/6 (Sect. 17)/Corr.1, A/70/6 (Sect. 18), A/70/6 (Sect. 18)/Corr.1, A/70/6 (Sect. 19), A/70/6 (Sect. 20), A/70/6 (Sect. 21), A/70/6 (Sect. 22), A/70/6 (Sect. 23), A/70/6 (Sect. 24), A/70/6 (Sect. 24)/Corr.1, A/70/6 (Sect. 25), A/70/6 (Sect. 26), A/70/6 (Sect. 27), A/70/6 (Sect. 28), A/70/6 (Sect. 28)/Corr.1, A/70/6 (Sect. 28)/Corr.2, A/70/6 (Sect. 29), A/70/6 (Sect. 29A), A/70/6 (Sect. 29A)/Corr.1, A/70/6 (Sect. 29B), A/70/6 (Sect. 29C), A/70/6 (Sect. 29C)/Corr.1, A/70/6 (Sect. 29D), A/70/6 (Sect. 29E), A/70/6 (Sect. 29F), A/70/6 (Sect. 29F)/Corr.1, A/70/6 (Sect. 29G), A/70/6 (Sect. 29H), A/70/6 (Sect. 30), A/70/6 (Sect. 31), A/70/6 (Sect. 32), A/70/6 (Sect. 33), A/70/6 (Sect. 34), A/70/6 (Sect. 35), A/70/6 (Sect. 36), A/70/6 (Income sect. 1), A/70/6 (Income sect. 2), A/70/6 (Income sect. 3), A/70/7, A/70/16 (chap. II, sect. A), A/70/80 (chap. I), A/70/86, A/70/97, A/70/280 and A/70/280/Add.1)

1. **Mr. Ko Jae Sin** (Republic of Korea) said that Member States continued to experience financial constraints as a result of the challenging global economic situation, requiring the United Nations to also tighten budgetary discipline, so that it was all the more pressing for the Organization to implement mandates in the most efficient and effective manner. His delegation acknowledged the Secretary-General's efforts to do more with less.

2. For the biennium 2016-2017 the Secretary-General had proposed a budget level of \$5.57 billion before recosting, slightly higher than the level of the budget outline. He commended the Secretary-General on his pursuit of financial efficiency despite the increase in new mandates. Those efforts should be furthered, while still ensuring timely delivery of mandates.

3. It was important to budget on the basis of the prioritization of mandates and activities, rather than on an incremental basis. The General Assembly had

recently adopted or was about to adopt significant resolutions whose financing requirements were not reflected in the proposals before the Committee, including the 2030 Agenda for Sustainable Development, initiatives in the field of peace and security, and resolutions adopted by the Human Rights Council. His delegation would scrutinize their impact on budget requirements, taking into account the principles of efficiency, effectiveness and reprioritization.

4. The General Assembly had stressed the need for a comprehensive solution to the problem of recosting and called for an improvement in the methodology. His delegation intended to address that matter in the context of the second performance report for the biennium 2014-2015 as well as the budget proposals for 2016-2017.

5. While he welcomed the proposal to freeze some 60 posts as a result of efficiency gains generated by administrative reform, there should be a comprehensive review of the Organization's staffing table as a whole with a view to securing sustainable efficiency gains: staff costs had long been a driver of budget growth, accounting for as much as 70 per cent of the total budget of the Organization.

6. The importance of continued innovation in working methods could not be overemphasized given the flurry of new and expanded mandates. His delegation looked forward to concrete benefits pursuant to the management reform initiatives undertaken and to a resultant increase in operational efficiency and effectiveness as well as to budget savings.

7. **Mr. Podlesnykh** (Russian Federation) welcomed the level of the preliminary estimates for the upcoming biennium at some \$5.569 billion before recosting for inflation and exchange rate fluctuations, a slight increase over the expenditure ceiling approved by the General Assembly in the budget outline resolution for the biennium 2016-2017. In accordance with standard practice, recosting proposals should be submitted to the Committee in due course. He noted that for the first time the methodology would take account of forward exchange rates.

8. His delegation would scrutinize requests for financial and staffing resources, particularly in respect of new activities. In that regard, he concurred with the Advisory Committee that it was premature for the

financing of mandates not yet approved by intergovernmental organs to be included in the estimates.

9. His delegation had a number of questions regarding the proposed reform of the regional architecture of the Office of the United Nations High Commissioner for Human Rights: decisions must be based on the precise nature and expected results of such reform. At the current juncture proposals for reform lacked transparency and justification. Any mandate to proceed involved the competences of other bodies in addition to the Fifth Committee and their views must be taken into account.

10. In that regard he recalled the Joint Inspection Unit's recommendations on reform of the Office regarding the governance framework, improvement of management mechanisms, development of a risk management policy, and strategic planning processes. Until those and other matters relating to reform were clarified the proposals were incomplete and it would be premature to allocate budget resources.

11. The increase in the number of mandates and the size of the budget meant that it was important to economize and make the best possible use of existing resources. His delegation would scrutinize the Secretary-General's proposal to reduce expenditure on programme servicing and to temporarily freeze posts in connection with the introduction of Umoja. Decisions on each post should be taken by the General Assembly, in accordance with its prerogatives under the Charter.

12. His delegation was perturbed by the increasingly frequent requests to fund from the regular budget activities that, in accordance with earlier decisions of the Assembly, were to be funded from extrabudgetary resources. Problems in the world economy and the growing competition for resources had made it more difficult for international organizations to attract voluntary contributions, and the United Nations must do more to mobilize such resources. However, in practice, certain extrabudgetary activities were acquiring regular budget status, thus constituting an additional burden. The criteria employed, and how those criteria related to the strategic framework, were not clear, since in some cases a lack of voluntary contributions led to suspension of mandates whereas in others activities were shifted to regular budget financing. Moreover, the Fifth Committee should not consider such budget proposals without taking into

account the views of the intergovernmental bodies with responsibility for the political content of the mandates in question.

13. **Mr. Sánchez Azcuay** (Cuba) said that the budget fascicles should represent the practical embodiment of the mandates emerging from the delicate political agreements reached by Member States. The level of the budget was in direct proportion to the number of mandates approved by Member States. It was not simply a costing exercise, but a guarantee that the Organization remained the repository of the system of international relations aspired to by the membership.

14. Approval of the resources to carry out the work of the Organization was the clearest embodiment of the political will of Member States in support of its activities and of the alignment of political discourse with concrete action. For the common goal of consolidating the international prestige, trustworthiness and strength of the United Nations to be attained, the Organization must be provided with stable and reliable funding. That was the shared responsibility of the Member States, having regard to the well-founded principle of capacity to pay.

15. His delegation was concerned by the imbalance between the resources allocated to the pillars of the work of the Organization, and to the various priority areas included in the budget outline, as well as by the interpretation of the budget outline resolution by certain Member States and by the Secretariat. The budget outline was not a strait jacket; neither was it a mandate for arbitrary cuts. Decisions on the disposition of posts and modifications of the organizational structure of the Secretariat, in any office, were the prerogative of the Assembly, which alone was competent to reorganize and prioritize the Organization's activities. Any proposals must be fully explained and justified, and accord with the existing methodology and relevant regulations and rules.

16. His delegation was not in favour of a simplistic interpretation of the work of the Committee, and took a negative view of the continued efforts to hold hostage, by incorporating elements that departed from the regulations and rules, the Committee's efforts to strengthen the Organization. The Fifth Committee was not the place to revive the idea of reviewing mandates: any such initiatives should take place in the appropriate context and with due regard for all the

pillars underpinning the work of the Organization, including security and disarmament.

17. Also of note were the interpretations placed on General Assembly resolution 41/213 and the adoption of decisions by consensus. The resolution clearly indicated the elements on which consensus was to be sought and that agreements reached in that regard must not contravene the rules of procedure of the Assembly.

18. There was an urgent need to debate the funding of special political missions and to devise a new mechanism for their funding that would not have their current impact on the regular budget, particularly in view of how such missions originated and were approved.

19. The negotiations on the proposed budget for 2016-2017 must fully respect the methodology defined, *inter alia*, in resolutions 41/213 and 42/211, and be in full accord with the rules of procedure. His delegation was not in favour of circumscribed formats for the conduct of negotiations, or of negotiations by certain categories of delegations or a hierarchy of representatives.

20. **Mr. Takasu** (Under-Secretary-General for Management), accompanying his statement with a digital slide presentation, said that the Secretary-General, in preparing his proposals, had been guided by the decisions of the General Assembly in its resolutions 69/264 on the budget outline for 2016-2017, 69/274 on special subjects relating to the programme budget for 2014-2015, and 41/213 and 42/211 on the administrative and financial functioning of the United Nations.

21. The Secretary-General's initial proposed outline of \$5.741 billion for 2016-2017 had been reduced by the General Assembly to \$5.558 billion, as indicated in resolution 69/264, reflecting reductions in the provision for special political missions, efficiencies, and further reductions, as part of the political agreement on the estimates. The General Assembly had also reaffirmed that the budget proposals should reflect resource levels commensurate with mandates for their full, efficient and effective implementation as well as its request to the Secretary-General to propose, in future budget submissions, measures to offset budget increases, wherever possible, through more efficient back-office activities, services, functions and structures without undermining the implementation of mandated programme activities.

22. General Assembly resolution 41/213, providing for preparation of the proposed programme budget on the basis of a decision by the Assembly on the outline, had guided the budgetary process for some 30 years. Other than accounting for new mandates that had emerged after the outline had been agreed on, the proposed programme budget had consistently been presented on the basis of the preliminary estimates agreed on by consensus in the context of the review by Member States of the outline. Had the Secretary-General considered that it was not possible to implement mandated activities for 2016-2017 within the envelope provided by Member States, he would so have informed the membership. However, that was not the case.

23. The proposed programme budget level of \$5.568 billion was slightly higher than the level of \$5.558 billion in resolution 69/264, but would ensure that all mandated activities were implemented fully. The variance of \$10 million was explained by a number of factors, in particular deferral of a decision on the budget for Umoja from December to the first part of the resumed session.

24. As almost three quarters of the budget represented staff-related costs, significant budget cuts necessitated a reduction in such costs. In practice there were often different ways to implement mandates while respecting resource constraints: it was the duty of programme managers to find the most cost-effective way of doing so.

25. For 2016-2017 a \$30-million reduction through efficiencies would be entirely achieved through the programme support component of each section, primarily under section 29, Management and support services: \$17.6 million in staff costs, by freezing posts that were or were due to become vacant during the biennium; and \$12.4 million in non-staff costs. Prudence in the management of budgetary resources meant freezing rather than abolishing posts so as to allow adjustments in 2018-2019 as the impact of Umoja on specific posts became clearer. A further \$15 million reduction would be achieved through abolishing posts and freezing recruitment, and savings in staff travel.

26. The cost reduction proposals had been fully coordinated with programme managers to ensure that there would be no impact on effective mandate implementation. However, should legislative bodies

decide on new and additional mandates, the situation would need to be reviewed to see whether they could be accommodated alongside existing mandates. If not, the Secretary-General would submit a statement of programme budget implications or revised estimates as an add-on to the proposed programme budget now before the Committee, a procedure that was fully in accordance with the established budgetary process.

27. **Mr. Kisoka** (United Republic of Tanzania), speaking on behalf of the Group of African States, said that the Group would seek clarification of a number of issues. With regard to the Secretary-General's reliance on efficiency measures, he noted that the capital master plan renovation had cost some \$2.3 billion, soon after which floors had been dismantled, at a cost of \$6 million per floor. Scrutiny by the Group would reflect the views of oversight bodies and of the Advisory Committee.

28. **Mr. Sánchez Azcuy** (Cuba) said that arbitrary reductions of \$45 million had been proposed, and acquiesced in in the interest of consensus, but that it was not clear where they came from, notwithstanding the explanations given by the Secretariat. His delegation noted that the budget outline had proposed an amount of some \$5.741 billion, that the corresponding resolution provided for \$5.558 billion, and that the estimates now totalled \$5.568 billion.

29. The outline was simply that, the Secretary-General was not required to submit estimates in the same or a lower amount. It was for Member States to determine the budget. The associated negotiations should be informed by the aim of strengthening the Organization, with avoidance of cuts merely for the sake of cuts.

Agenda item 142: Report on the activities of the Office of Internal Oversight Services (A/70/318 (Part I), A/70/318 (Part I)/Corr.1 and A/70/318 (Part I)/Add.1)

Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations (A/70/284)

30. **Mr. Kanja** (Assistant Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) for the period from 1 July 2014 to 30 June 2015 (A/70/318 (Part I), A/70/318 (Part I)/Corr.1 and A/70/318 (Part I)/Add.1), said that over the reporting period OIOS

had issued 324 oversight reports, containing 1,031 recommendations, of which 109 were critical. The financial implications of the recommendations amounted to \$10.5 million.

31. Audit recommendations had been categorized on the basis of the five integrated components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring, with trends outlined over a three-year period. The bulk of the recommendations related to the control activities component.

32. The Office had also implemented improvements internally in all its divisions so as to improve accountability for its own resources, including acquisition of a web-based audit management system, improved capacity to conduct performance audits, refinement of the risk assessment approach for evaluations, strengthening of the role of the Operational Standards and Support Section, deployment of a new investigation case management system, development of the United Nations Investigator Standard Training Course, and establishment of an extrabudgetary-funded fraud investigation team.

33. In addition, OIOS was refining its risk-based planning process to better leverage the content of the Organization-wide risk register developed under the leadership of the Department of Management and the Management Committee in the context of implementing enterprise risk management, allowing it to improve its ability to focus on strategic risks for the Organization.

34. OIOS held itself accountable for deliverables: much as it contributed to accountability in other programmes, OIOS monitored its own performance using key performance indicators, and reported progress towards achieving performance goals and work plan implementation to the Secretary-General and the Independent Audit Advisory Committee.

35. Since its establishment in 1994, OIOS had focused on supporting the Secretary-General in his oversight responsibilities, in the interest of a strong and accountable United Nations fortified by world-class internal oversight, and continued to do so.

36. **Mr. Mihm** (Chair of the Independent Audit Advisory Committee), introducing the report of the Independent Audit Advisory Committee (IAAC) on its

activities for the period from 1 August 2014 to 31 July 2015 (A/70/284), said, with regard to compliance with oversight recommendations, that the quality of recommendations, the level of follow-up, and the rate at which management implemented oversight body recommendations were critical elements in an effective internal control system. A more accountable, effective, and responsive Organization should result if weaknesses in the internal control systems and programme performance were addressed.

37. He welcomed the significant progress made in implementation by peacekeeping operations of recommendations by the Board of Auditors. However, while overall there was a declining trend in the implementation of past due critical recommendations by OIOS, that was not the case in peacekeeping missions and at the Office of the United Nations High Commissioner for Refugees, an issue that called for concerted action, particularly given the volume of transactions. The implementation rate of recommendations by the Joint Inspection Unit had also improved, although the rate of implementation by the Secretariat was lower than for the system as a whole.

38. With regard to risk management and the internal control framework, the Secretary-General had identified six enterprise risks, designated corporate risk owners, and developed risk registers and a governance structure for enterprise risk management. IAAC would select one or more of the six identified enterprise risks for an assessment of what was being done, and what more could be done, to manage the risk.

39. Guidance from the Fifth Committee was welcome, in which connection he noted the suggestion that IAAC should focus on the strategic planning and budget formulation risk. IAAC would also document examples of how enterprise risk management was being used to better achieve results. The critical risks identified were cross-cutting, interrelated, and required close coordination. Management needed to ensure that the systematic management of risks became a standard way of doing business.

40. Regarding the efficiency and impact of the audit services of OIOS, whose operational independence was vital in ensuring that its work was viewed as credible and unbiased, it was important for all interested parties to have a common understanding of how OIOS operated and the important contribution that it made.

OIOS needed to clarify policies and procedures in the areas of advice and public comments and the investigation process.

41. With respect to advice and public comments, the Office's unique position engendered tension, as internal oversight staff were employed by the Organization but reported on the conduct of management. One example was that under internationally accepted internal audit standards, advisory services were a part of the mandate of internal audit. However, such services must be carefully managed so as not to undermine the independence of the internal audit office.

42. OIOS lacked clearly defined guidance and protocols on striking a balance between advising management and maintaining its operational independence. The Office should work with management to develop guidelines and protocols to be used when advising management and making statements about situations that might be subject to audit or investigation. Such guidelines should state the justification for the provision of services by OIOS, the types of services offered and how they would be provided, and the steps to be taken to safeguard the independence of the Office.

43. With regard to the investigation process, the Investigations Division had only a provisional investigation manual on its website. The manual should be finalized without delay. The provisional manual provided that cases of possible misconduct were to be evaluated and a decision taken on appropriate steps. However, the manual did not clearly describe the process for predicating reports of possible misconduct, or who had authority or at what point matters were predicated for investigation. IAAC had been informed that while the current intake system could, in theory, handle a Secretariat-wide process, it was not currently scoped for such an arrangement. IAAC recommended that the Administration should finalize the scoping of the central intake system to make it Secretariat-wide.

44. There had been peer reviews of all three divisions of OIOS, but no formal review of the Office as a whole, other than the work of IAAC. There should be a holistic review of the Office, focused on strengthening and streamlining the operations and structure of its divisions, improved collaboration across the investigation, audit and evaluation functions, the high vacancy rate, and inter and intra-office dynamics.

45. With respect to financial reporting, IAAC welcomed the progress in implementation of the International Public Sector Accounting Standards (IPSAS), including an unqualified audit opinion on both peacekeeping and non-peacekeeping financial statements, and noted the progress in Umoja implementation. Regarding anti-fraud policy and internal control, management assurance systems were being developed to test compliance, and a statement of internal control would be appended to the financial statements by 2018. Staff should be educated as to the importance of internal controls. Work was continuing on an anti-fraud policy, the key to which was ensuring that the policy was effectively implemented in the context of the internal control framework.

46. Coordination among United Nations oversight bodies was the final aspect of the Independent Audit Advisory Committee's mandate. Opportunities existed for coordination between oversight bodies in assessing the progress made in implementing the sustainable development goals. He encouraged OIOS to develop such collaborative approaches centring on the Organization's role in implementing the 2030 Agenda, thereby contributing to follow-up and review efforts. A coordinated strategy bringing together the collective work of the oversight bodies would give decision-makers a more complete picture of the progress made in implementing the sustainable development goals. That would strengthen the oversight regime and contribute to improvements in effectiveness, transparency and accountability.

47. Opportunities existed for United Nations internal audit and evaluation bodies to coordinate with the International Organization of Supreme Audit Institutions (INTOSAI) and interested member institutions so that the individual reviews they undertook would, over time, provide the United Nations and national decision-makers with a more complete picture of progress towards the 2030 Agenda for Sustainable Development.

48. **Ms. Lingenfelder** (South Africa), speaking on behalf of the Group of 77 and China, said the Group attached great importance to the work of OIOS in strengthening internal oversight. The Office had an essential role in improving internal controls, accountability mechanisms and organizational efficiency and effectiveness.

49. The credibility of the Office in terms of operational independence in discharging its responsibility to assist the Secretary-General in fulfilling his internal oversight responsibilities in respect of the resources and staff of the Organization, through internal audit, monitoring, inspection, evaluation and investigations, pursuant to General Assembly resolution 48/218 B, was a concern, and she looked forward to improvement.

50. The Group reaffirmed the separate and distinct roles of internal and external oversight mechanisms, and in that regard welcomed coordination with other oversight entities as having improved the delivery of their mandates. She noted the recommendations issued by the Office aimed at cost savings, recovery of overpayments, efficiency gains and other improvements to ensure that risks were managed consistently and systematically through focused control processes, and that the financial implications of the recommendations implemented during the reporting period totalled approximately \$90,000. The Group encouraged all stakeholders to ensure that all recommendations by OIOS were implemented and that risks were mitigated across the Organization.

51. The Group remained concerned at the persistence of high vacancy rates, in particular in the Investigations Division, and called for a solution to that chronic problem that imperilled the Office's ability to deliver its mandate.

52. The Group thanked IAAC for its expert assistance to the General Assembly in fulfilling its oversight responsibilities and welcomed its comments and recommendations aimed at enhancing the audit activities and oversight functions of OIOS. Further to the observations and recommendations of IAAC, the Group looked forward to discussion of the operational independence of OIOS.

53. The Group noted in a positive light the process for the appointment of the new Under-Secretary-General for Internal Oversight Services. The next nomination note by the Secretary-General should provide details of the qualifications and experience of the nominee.

54. She trusted that the new leadership of the Office would pay special attention to restoring its credibility, and wished to have access to the end-of-assignment report of the outgoing Under-Secretary-General.

55. Regarding the terms of reference of IAAC, the Group wished to reaffirm the existing provisions, as set out in General Assembly resolution 61/275, but remained open to new ideas.

56. **Mr. de Preter** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, emphasized the strong support of the member States of the European Union for the Office of Internal Oversight Services.

57. He welcomed the Office's endeavours to improve its own performance. The publication of internal audit and evaluation reports assisted Member States, and the general public, in gaining insight into the Office's work. He commended the Office on its efforts to strengthen cooperation and coordination with other oversight entities and encouraged it to expand and intensify those activities to avoid potential duplication of work. He also welcomed the ongoing efforts by OIOS to establish systematic risk management in order to promote effectiveness and efficiency in its operations.

58. He stressed the importance of the full implementation of the critical recommendations made by OIOS. There was a need for more efficient monitoring of implementation: programme managers should set and adhere to realistic target dates for implementation.

59. Regarding recent serious allegations against a former President of the General Assembly, the European Union concurred with the Secretary-General that they went to the heart of the work of the United Nations and its Member States and that there could be no tolerance of any corruption at or in the name of the United Nations.

60. He acknowledged the importance of the work of the Independent Audit Advisory Committee, and welcomed its recommendations and conclusions. The European Union was appreciative of the examination by IAAC of the operational independence of OIOS, a matter of fundamental interest to the Organization as a whole, and noted that further recommendations in that regard might be presented as part of the report emerging from the external independent review of the

United Nations response to the situation in the Central African Republic.

61. **Mr. Dettling** (Switzerland), speaking also on behalf of Liechtenstein, noted the important contribution of the Office of Internal Oversight Services to good governance. However, and not for the first time, the operational independence of OIOS was being questioned by both Member States and the broader public, following the Office's alleged involvement in certain decisions by management. It was time to look ahead and send a strong message to the new leadership of OIOS.

62. On the operational independence of OIOS, he welcomed the very valuable comments and recommendations made by the Independent Audit Advisory Committee. Maintaining operational independence while advising management was a challenge for any internal audit office. In the case of OIOS, however, it was compounded by the Office's participation in the meetings of the Management Committee. It was important to carefully define that role in order to safeguard the independence of OIOS. He concurred with IAAC that a clear definition of roles and procedures relating to the investigation process was necessary. Having only a provisional manual to guide the investigation process was simply insufficient.

63. He questioned whether bringing together the audit, investigations and evaluation functions under one roof was truly conducive to the overall independence of the Office, considering the very different relationships the three divisions had with management. Or, if the current structure was maintained, he wondered how the three divisions could better work together in order to collectively reinforce the Office's operational independence. He saw merit in the recommendation by IAAC to mandate a holistic review of the Office. Such a review could include matters pertaining to the strengthening of the investigations function. Member States should endorse that recommendation.

64. The two delegations had high expectations in the area of audit: the assurance OIOS provided to programme managers was more important than ever, as the United Nations faced many significant challenges in delivering increasing mandates at a time of major humanitarian and political crises and business transformation initiatives while facing budgetary constraints. In the area of investigations, the

Organization had recently been vulnerable to fraud, and had also faced criticism for not effectively tackling such issues as sexual exploitation and abuse in field missions. In the area of evaluation, lessons learned must be incorporated in future programmes — Member States and their taxpayers needed to know if the Organization's programmes were achieving expected results in the most efficient and effective way.

65. The two delegations would continue to seek ways to strengthen the Office with a view to making the United Nations more accountable, transparent, efficient and effective.

66. **Ms. Coleman** (United States of America) said that IAAC provided valuable insight on issues critical to the effectiveness and performance of the United Nations; her delegation encouraged it to continue to provide Member States with candid assessments of OIOS.

67. OIOS was vital to the continued sustainability and effectiveness of the United Nations. Its focus on responsible use of resources and attention to waste and mismanagement were critical to overall transparency and accountability. Permanent public disclosure of internal audit and evaluation reports, for example, allowed stakeholders to see into the Organization's operations and better monitor progress in addressing recommendations.

68. Independence and objectivity were vital in ensuring that the Office's work was credible. Yet OIOS faced challenges in achieving full operational independence. Greater authority over its budget would allow OIOS to perform its oversight functions free of influence by the organizations and officials it oversaw. The overall vacancy rate, particularly in the Investigations Division, also remained a problem, and contributed to significant delays in completing investigations. Those persistent problems must be addressed.

69. Concern had been voiced about underreporting of fraud: OIOS must proactively address the issue. The recent news reports about potential corruption and fraud by senior United Nations diplomats made it all the more imperative for OIOS to work with management to ensure that guidelines regarding fraud were clear and that any breach was investigated immediately. A central intake system would strengthen the Office's investigative capacity by increasing the

completeness and accuracy of reporting on all actual and potential fraud.

70. However, noting the challenges that OIOS faced in completing timely and proactive investigations, her delegation would be concerned by any attempt to transfer all investigations to OIOS, which should focus on proactively pursuing and investigating serious cases of fraud, mismanagement of resources, corruption, and sexual abuse and exploitation, including through the use of forensic auditing.

71. She noted the need to strengthen evaluation across the United Nations and the observation by IAAC regarding the resources available to the Inspection and Evaluation Division. Evaluation was critical to programme performance and effectiveness. An increase in performance audits of programmes rather than compliance audits would also help to evaluate effectiveness. She urged the General Assembly to mandate a comprehensive review of the Office to assess opportunities to improve collaboration across the three divisions, reduce the vacancy rate, and address inter and intra-office dynamics.

72. While there were areas that could be improved, OIOS continued to discharge a critical function. She commended the Office on the positive trend in the implementation of its recommendations, and looked forward under its new leadership to its becoming the strong and independent oversight body envisaged.

The meeting rose at 11.30 a.m.