



# General Assembly

Distr.: General  
29 September 2008

Original: English

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## Sixty-third session

Agenda items 117 and 118

### Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 2008-2009

## **Accountability framework, enterprise risk management and internal control framework, and results-based management framework**

### **Report of the Advisory Committee on Administrative and Budgetary Questions**

#### **I. Introduction**

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the accountability framework, enterprise risk management and internal control framework, and results-based management framework (A/62/701 and Corr.1) and the related report of the Secretary-General on resource requirements and organizational changes (A/62/701/Add.1). During its consideration of the matter, the Advisory Committee met with the Under-Secretary-General for Management and other representatives of the Secretary-General who provided additional information and clarification.

2. The first report of the Secretary-General (A/62/701 and Corr.1) was submitted pursuant to General Assembly resolution 61/245. According to the Secretary-General, his report also responded to Assembly resolution 59/272, which requested that annual reports be submitted on measures taken to strengthen accountability in the Secretariat.

3. In that report, the Secretary-General proposed an accountability architecture “aimed at achieving a fully results-oriented Organization that plans for and mitigates risks to success and that holds managers and staff at all levels accountable for the achievement of results” (A/62/701 and Corr.1, summary). The Secretary-General stated that the proposed accountability architecture would build on the existing accountability framework and would include a new dimension for enterprise risk management and internal control, reflecting a fully developed



results-based management framework, including improved and more frequent monitoring and evaluation. The Secretary-General asserted that the proposed accountability frameworks — together with their linkage to existing structures and mechanisms — would lead to a strengthened, better managed and more accountable Organization. **In the opinion of the Advisory Committee, the report does not explain, in a concrete manner, how these objectives would be realized. Nor are specific timelines or benchmarks consistently provided. Furthermore, the report does not clearly demonstrate the relationships between the various proposals or their linkage to existing structures and mechanisms.**

4. The Advisory Committee has been informed that consultants were involved in the preparation of the reviews that provided the basis for the proposals contained in the above-mentioned report of the Secretary-General (A/62/701 and Corr.1). The related consultants' costs were: (a) \$325,180 for the accountability framework review; (b) \$1.32 million for the enterprise risk management and internal control framework reviews; and (c) \$119,000 for the results-based management review. **The Advisory Committee recalls its observation that familiarity with the United Nations system and its inherent complexities is essential in undertaking studies on accountability and results-based management and that expertise within the United Nations system should be used (see A/61/605, para. 16). The Committee is concerned that expertise available within the United Nations Secretariat was not solicited in the preparation of the report and that there was a striking absence of consultation with the oversight bodies or with other organizations of the United Nations system. Furthermore, the Committee notes that the consultants' findings overlap with those of the report of the Joint Inspection Unit entitled "Results-based management in the United Nations in the context of the reform process" (A/61/805). The Committee believes that closer interaction between the management and oversight bodies would have resulted in a better presentation of the issues under consideration.** In this connection the Committee notes that the Office of Internal Oversight Services (OIOS) was actively engaged in risk assessment and results-based management work in the United Nations, however, it apparently was not involved in the preparation of the report of the Secretary-General. Furthermore, the Committee is of the view that the Secretariat should have used more extensively the analysis undertaken by JIU. **The Committee regrets the lack of recourse to the expertise found in different parts of the United Nations system.**

## **II. Accountability framework**

5. The accountability architecture as envisaged and proposed by the Secretary-General would encompass three key elements of institutional and personal accountability: performance, compliance and integrity. According to the Secretary-General, these three elements reflect the Organization's commitment to achieving results while respecting its regulations, rules and ethical standards. The Secretary-General indicates that, under the proposed accountability architecture, the General Assembly could more readily hold the Secretariat accountable for its activities and results, including the management of financial and human resources, as well as the management of programmatic activities. The Organization would thus focus on results rather than inputs and outputs of efforts and processes while

emphasizing ethical conduct and compliance with regulations and rules (A/62/701 and Corr.1, para. 3).

6. As described in paragraphs 14 to 17 of the report, the three elements of the proposed accountability architecture are as follows:

(a) **The performance element:** the documents that specify what results the Organization expects to be held accountable for by Member States, including legislative mandates, strategic plans, budgets, senior managers' annual compacts, office/section/individual workplans and human resources action plans;

(b) **The compliance element:** the Financial Regulations and Rules, the Staff Regulations and Rules, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation and the Organization's accounting standards. The mechanisms used for assessing individual and organizational compliance with these regulations, rules and standards include monitoring of delegation of authority and implementation of oversight body recommendations, the procurement-related bid protest system and audits;

(c) **The integrity element:** the standards of conduct for international civil servants, standards of behaviour in the workplace, such as policies against harassment and sexual exploitation and abuse, financial disclosure requirements, protection against retaliation for reporting misconduct and mandatory ethics training for all staff.

7. The General Assembly has long been concerned about the issue of accountability. The Secretary-General, in his previous reports on measures to strengthen accountability at the United Nations (A/60/312) and on investing in the United Nations (A/60/846/Add.6) outlined elements of an accountability system. In the current report (A/62/701 and Corr.1) he has not elaborated on those elements. The Advisory Committee recalls that the terms of reference for the review of accountability were set out by the Secretary-General in his report on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/60/883, para. 14). **In the view of the Advisory Committee, the current report of the Secretary-General responds only partially to key aspects of what the Assembly requested. In fact, the report focuses primarily on only one of the six points set out in the governance report, namely assessment of the current policies with respect to accountability and identification of omissions and weaknesses that need to be addressed. The Committee also considers that the report does not respond to the request by the Assembly for annual reports addressing the measures implemented with the aim of strengthening accountability within the Secretariat and the results achieved (see General Assembly resolution 59/272, para. 9). The Committee would have expected that information would have been provided on concrete cases where accountability measures had been applied and remedial action taken.**

8. The Secretary-General was requested by the General Assembly "to specifically define accountability as well as clear accountability mechanisms, including to the General Assembly, and to propose clear parameters for its application and the instruments for its rigorous enforcement, without exception, at all levels" (General Assembly resolution 60/260, sect. I, para. 2, and the report of the Advisory

Committee, A/60/735 and Corr.1, para. 6). In his report (A/62/701 and Corr.1, para. 20), the Secretary-General indicated that the Secretariat uses the following working definitions of accountability:

(a) **Institutional accountability:** the responsibility of the Secretary-General to explain and justify to the General Assembly and other relevant intergovernmental bodies, in a systematic framework and by an orderly process using transparent mechanisms, the performance of the Organization in using resources to achieve results mandated by the Member States in the Assembly and/or other intergovernmental bodies established under the Charter of the United Nations;

(b) **Personal accountability:** the duty of an individual staff member to exercise defined responsibilities appropriately, with a clear understanding of the consequences, and to explain and justify to the official who conferred the authority the results achieved and the manner in which the authority has been exercised.

**The Advisory Committee believes that the definition of accountability should go further than responsibility to “explain and justify” by also establishing responsibility for action or lack thereof.**

9. The Advisory Committee notes that other United Nations entities, such as the United Nations Population Fund (UNFPA), the United Nations Office for Project Services and the United Nations Development Programme (UNDP), have defined accountability somewhat differently than the United Nations Secretariat. The International Civil Service Commission defines accountability as a concept that implies taking ownership of all responsibilities and honouring commitments; delivering outputs for which the staff member has responsibility within prescribed time, cost and quality standards; operating in compliance with organizational regulations and rules; supporting subordinates, providing oversight and taking responsibility for delegated assignments; taking personal responsibility for personal shortcomings and, where applicable, those of the work unit (see glossary for human resources framework, A/55/30 and Corr.1, annex II). The Joint Inspection Unit defines accountability firstly, as liability for the use of resources (human, financial and material), but, equally important, as responsibility for programme performance and transparent reporting (see A/61/805, para. 100). The inspectors also considered that the main elements of an accountability system were: (a) responsibility and liability; (b) reporting; (c) monitoring; and (d) administration of justice (see A/59/631, para. 43). **In the view of the Advisory Committee, lack of clarity in the definition of accountability is one of the fundamental weaknesses in the Secretary-General’s accountability architecture. The Committee sees merit in the definition of various aspects of accountability outlined by the above-mentioned entities, which, in the Committee’s view, could form the basis for a common comprehensive definition of accountability.**

10. As proposed, the accountability architecture would build on the existing accountability framework, under which the Secretary-General delegates authority to his senior managers to implement General Assembly mandates and achieve the expected results within given levels of resources. The Secretary-General reports those results to Member States, which can then hold him accountable for the achievement of expected results (see A/62/701 and Corr.1, para. 10). In paragraph 11 of the report, the Secretary-General also indicated that the oversight bodies play a crucial role in the process, as they determine whether the Secretariat is achieving the intended results and acting ethically and in compliance with regulations and

rules governing its work. **The Advisory Committee shares the Secretary-General's view on the key role of oversight bodies in promoting accountability and stresses the importance of timely implementation of their recommendations (see, in this connection, General Assembly resolution 62/223 B on the implementation of the recommendations of the Board of Auditors). The Committee emphasizes once again that the Secretary-General is ultimately responsible for achieving expected results and reporting on them in a timely and transparent manner. The Committee also stresses that a concrete set of measures should be put in place to ensure the implementation of recommendations of oversight bodies by senior management.**

11. The Secretary-General also reported that the new accountability architecture would capture the important relationship between transparency and accountability (A/62/701 and Corr.1, para. 12). **The Advisory Committee is of the view that this relationship requires further elaboration and recommends that the Secretary-General develop specific measures to ensure that Member States have "unfettered access to timely and reliable information on decisions and performance" (see also E/C.16/2006/4, para. 49).**

12. In figure I of his report, the Secretary-General provides an illustration of the various instruments and mechanisms of and parties to the new accountability architecture. **In the view of the Advisory Committee, the various elements of the new accountability architecture are presented in a manner that does not convey their relative importance or their interrelationships.** For example, the Charter of the United Nations is listed under the integrity "pillar" only among other elements, including, financial disclosure, protection against retaliation and ethics training. The list of documents under the performance "pillar", in the column entitled "Statement of expected results", appears to give equal weight to legislative mandates on the one hand and office workplans and individual workplans on the other. Moreover, there is no mention of Secretariat staff other than the Secretary-General and senior managers in the column entitled "Responsible parties (Secretariat)" under the performance "pillar", although individual workplans are included in the column entitled "Statement of expected results".

13. The Secretary-General indicates, in paragraph 21 of his report, that the accountability framework within the United Nations Secretariat is currently a broad collection of loosely integrated rules, regulations, policies, procedures, protocols, incentives, sanctions, systems, processes and structures that impact the way the mission of the Organization is accomplished. The report also indicated that an independent review of the Secretariat's accountability framework did not uncover any gaps in the framework, although it did identify specific areas of weakness in the current system (A/62/701 and Corr.1, para. 24). According to the Secretary-General, three overall themes emerged from the independent review, namely, that the Secretariat should: (a) focus on results and outcomes; (b) increase transparency in the senior management selection process and in the performance review of senior managers; and (c) change the methods of preparing, motivating and reviewing management and staff.

14. **The Advisory Committee shares the Secretary-General's view that the current accountability arrangements require strengthening, particularly in the area of staff performance management (see also the report of OIOS, A/63/268, paras. 19-25). The Committee notes that the Secretary-General's report**

**identifies nine areas for improving accountability in the Secretariat, all of which relate to personal accountability, but that no specific measures are identified that would bring about the intended improvements. Nor are any measures proposed to improve institutional accountability, such as by providing better information to Member States on results achieved and resources used.**

15. **The Advisory Committee points out that the effectiveness of measures for strengthening accountability will depend on their rigorous enforcement by the Secretariat.** The Committee reviewed the issue of accountability in its report on the comprehensive review of governance and oversight within the United Nations and its funds, programmes and specialized agencies (A/61/605, paras. 17-21). In that report, the Committee stressed, inter alia, the need for “concrete proposals for specific sanctions to be applied in the case of under- or non-performance, as well as for recognition for outstanding performance” (see A/61/605, para. 21). The proposed accountability framework does not contain any such proposals. Upon enquiry, the Committee was informed that the Secretariat envisages non-monetary ways of recognizing and motivating staff.

16. As indicated in paragraph 26 of the report of the Secretary-General, the first two areas identified for improving accountability in the Secretariat are: development of a written process for the selection of senior managers (improvement area 1) and continuing to implement, expand and refine the senior manager compact process with a focus on delivering results (improvement area 2). **Concerning the selection of senior managers, the Advisory Committee notes that the same point was made more than two years ago by an independent Steering Committee that had examined governance and oversight (A/60/883/Add.1 and Corr.1 (vol. III)) and by the Secretary-General himself. Based on the terms of reference for the accountability review referred to in paragraph 7 above, the Committee had expected concrete progress. In fact, the Committee discerns no enhancement in the transparency of the process for the selection of senior management.**

17. **The Advisory Committee views the senior manager compact process and the posting of compacts on iSeek as useful measures for promoting transparency and accountability. The Committee emphasizes, however, that such measures must be further developed to: (a) define expectations of what top managers should accomplish for the organizational efficiency and effectiveness of their departments; (b) focus on outcomes rather than the administration of inputs; and (c) develop the links between the performance expectations of top managers and performance management at other levels in a department. The Committee reiterates its earlier recommendation that a specific set of sanctions (up to and including termination of employment) should be put in place to deal with failure to perform or poor performance on the part of senior managers up to the level of Under-Secretary-General (see A/60/7, para. 58) and it also recommends that compacts be further developed to address measures related to underperformance by senior managers.**

18. The development of meaningful, results-oriented performance metrics and mechanisms to communicate progress is envisaged under improvement area 3. This initiative is consistent with the Advisory Committee’s opinion that “performance measures need to be presented in a quantifiable and more transparent and consistent manner” (see A/60/7, para. 11). Upon enquiry, the Committee was informed that the term “performance measures” is not specifically defined by the Regulations and

Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation, although the OIOS glossary of monitoring and evaluation terms defines the term as “specific statistics chosen because they provide valid, practical and comparable measures of progress or level of change towards achieving expected results for the period”.

19. Improvement areas 4 and 5 deal with the performance appraisal system. The Advisory Committee notes from paragraph 25 of the report that, in a survey to gauge staff perception of accountability, including the performance appraisal system, the majority of respondents did not agree that the e-PAS system is used appropriately to evaluate and document their performance. **The Advisory Committee stresses the need for reform of the current performance appraisal system.** The Committee notes, for example, that 90 per cent of staff were rated as “fully meeting” or “frequently exceeding” performance expectations and 9 per cent as “consistently exceeding” performance expectations during 2006-2007, although the performance indicators for the Secretariat for the period reflected significant deficiencies in delivery of programmed outputs, including delays in issuance of intergovernmental documentation and delays in filling vacancies. **The Advisory Committee has consistently emphasized the importance of developing links between the various monitoring and evaluation systems (see, for example, A/60/7, para. 10). Similarly, in the Committee’s view, the systems for appraisal of the various aspects of Secretariat performance, whether through the e-PAS or a programme monitoring system, should be linked.**

20. The Advisory Committee notes the observation in paragraph 29 of the Secretary-General’s report that the Secretariat does not systematically monitor the delegation of authority. The Secretary-General indicates that, to address this weakness, the Organization should compile an inventory of existing delegations of authority and monitor, update and report on the use of these delegations regularly. Upon request, the Committee was provided with information on the delegation of authority for financial, procurement, property management and human resources functions (see annex). **The Advisory Committee urges the Secretary-General to proceed with his intention to improve the system of delegation of authority. In the Committee’s view, a requirement to report systematically on the exercise of delegated authority should be specified in the senior managers’ annual compacts and in e-PAS for line managers and staff. The Committee emphasizes the need to clearly define the responsibilities resulting from delegated authority.**

### III. Enterprise risk management and internal control

21. In paragraph 104 (b) of his report, the Secretary-General proposed that the General Assembly endorse the concept of an integrated framework for enterprise risk management and internal control. The Secretary-General also indicated that enterprise risk management would take a systematic and holistic approach, based upon externally developed international standards, to proactively identify, assess, evaluate, prioritize, manage and control risk across the United Nations in order to better achieve the Organization’s objectives (A/62/701 and Corr.1, para. 38). In paragraph 49 of his report, the Secretary-General indicated that risk and control management are activities to be owned by the management of the Organization. The Advisory Committee shares the Secretary-General’s view that the responsibility for

the establishment of an integrated enterprise risk management and internal control framework rests with the Secretary-General. In order to support the consultation process and begin raising awareness throughout the Organization of the importance of formal risk management, the Secretary-General has proposed the launch of a pilot project to establish and communicate standards and guidelines for risk management for staff at all levels and to integrate these concepts into areas of highest risk (A/62/701 and Corr.1, para. 99).

22. Upon enquiry, the Advisory Committee was informed that, if approved by the General Assembly, the pilot project would provide, inter alia, for the following activities:

(a) Taking stock of existing risk management practices in the Secretariat, with emphasis on lessons learned;

(b) Holding consultations with organizations of the United Nations system that are in the process of establishing a risk management framework and with relevant stakeholders, including Member States;

(c) Drafting an overarching risk management policy for the Secretariat and associated standards and guidelines;

(d) Working closely with two departments/programmes of the Organization, one in an operational area and the other in a non-operational area, in implementing the draft policy in order to test the methodology and analyse the results of the risk management process in the two contrasting areas;

(e) Development of training plans to be used throughout the Organization.

23. Upon enquiry, the Advisory Committee was informed that, in the meantime, the Secretariat had convened an interim informal group of participants representing various parts of the Secretariat, including the Department of Field Support and OIOS. The group is meant to help take stock of existing risk management activities in the Secretariat and may have the effect of cutting down some aspects of the original timeline.

24. The Advisory Committee notes that some funds, programmes, agencies and entities of the United Nations system have already started risk management studies. For example, in October 2003, the Executive Board of the World Food Programme (WFP) encouraged the organization to introduce risk management as a means of ensuring that WFP can reach its aims in an uncertain and risky environment (see WFP/EB.2/2005/5-E/1). **The Advisory Committee emphasizes that the results of the Secretary-General's consultations with United Nations entities on this matter should be reported to the General Assembly.**

**25. The Advisory Committee is not satisfied with the explanation provided by the Secretariat that the expenditure of \$1.32 million on the consultancy for the enterprise risk management aspect of the report of the Secretary-General has resulted in value added commensurate with the cost (see also para. 4 above). It regrets that no discernible effort was made to benefit from expertise of the Board of Auditors in this field or the capacity and methodological insight of OIOS and the risk assessments it had been conducting.**

26. The Advisory Committee notes that risk management is not new at the United Nations. Over the years, managers have often been aware of risks and planned

accordingly. At issue is the need to shift from an ad hoc approach to a systematic one based on similar criteria uniformly understood Organization-wide. The efforts of the Secretary-General are consistent with the Committee's earlier observation that the ad hoc management of risk and the absence of clear responsibility for the effectiveness of internal controls constitute serious weaknesses that should be addressed expeditiously (see A/61/605, para. 39). **The Advisory Committee agrees that the Organization should be in a position to assess and manage risks systematically. This would clarify the ultimate responsibility and accountability of senior staff and help to ensure effective programme delivery. This is increasingly important in view of the continuing expansion of United Nations operations worldwide and in view of the uniqueness and inherent complexities of the Organization, which is often mandated to implement activities with a high degree of risk. Given the fact that OIOS and other entities of the Secretariat are involved in carrying out risk assessments, the Committee is of the view that their respective roles in this area should be clarified.**

27. **The Advisory Committee recommends that the Secretary-General continue his work in this area in the light of updated information and the results of consultations with other entities of the United Nations system, as well as the comments and observations in the paragraphs above, and report thereon in the context of the proposed programme budget for 2010-2011.**

#### **IV. Results-based management**

28. On the recommendation of the Committee for Programme and Coordination, the General Assembly, in paragraph 2 of its resolution 60/257, endorsed the proposal of the Joint Inspection Unit on the benchmarking framework as a tool for the Secretary-General and the oversight bodies, including the Unit itself, in order to measure the progress towards an effective implementation of results-based management in the United Nations (see A/60/16, para. 248 (a)). The General Assembly, in its resolution 61/245, requested the Secretary-General to submit a report on results-based management. The Unit, in its subsequent report on results-based management (A/62/704), provided further comments and developed the benchmarking framework aimed at bringing coherence to the current reform process of the United Nations. Among other things, the Unit recommended what it called "a golden rule" whereby new reports on the same reform or management processes should be accompanied by an evaluation of the implementation and impact of previous processes. **The Advisory Committee considers this a sound approach.**

29. In order to build upon the existing results-based budgeting processes and move towards a "fully mature results-based management culture", the Secretary-General proposes: (a) a results-based management framework for the Secretariat, comprising five basic principles derived from the collective department experience on results-based management and a number of actions to be taken, requiring the active leadership and commitment of senior-level management; and (b) the establishment of a dedicated capacity for results-based management (see A/62/701 and Corr.1, paras. 86 and 100). While this dedicated capacity would not itself monitor or evaluate programmes, it would provide support to departments and offices in monitoring and evaluation and be responsible for setting standards and policies, training and knowledge-sharing. It would also assist departments and offices in developing schedules for evaluation.

30. The Advisory Committee notes that the Department of Management conducted a comprehensive review of results-based management, in the course of which about 50 staff members and senior managers were interviewed, informal exchanges were held with representatives of the regional groups of the Fifth Committee and an inter-agency workshop with results-based management practitioners from United Nations system organizations was held in Geneva, in collaboration with the secretariat of the United Nations System Chief Executives Board for Coordination (CEB). As indicated in the report of the Secretary-General (A/62/701 and Corr.1, para. 70), the review highlighted a number of problems in results-orientation in the Secretariat, including the following:

- (a) The purpose of results-based management is not clear and guidance and overall direction are lacking;
- (b) The reporting systems are not sufficiently integrated and do not produce data of the required quality and relevance;
- (c) Endorsement and encouragement of results-based management by management is lacking and most managers do not see the current system of managing results as useful to them;
- (d) The monitoring of programme and managerial performance and the use of evaluation information are inadequate;
- (e) Training and technical support for sustainable implementation of results-based management are inadequate.

31. To facilitate the results-orientation of the Secretariat, and based on the findings of the above-mentioned review, the Secretary-General proposes to strengthen monitoring and evaluation capacities in the Secretariat. As approved by the General Assembly in its resolution 61/245, the functions of monitoring, including responsibility for the biennial programme performance report and self-evaluation that were previously undertaken by OIOS, were transferred to the Department of Management. According to the Secretariat, the transfer will ensure strong managerial ownership of these activities so that they become part of ongoing performance management, planning and control measures. OIOS would continue to undertake in-depth and thematic evaluations (A/62/701 and Corr.1, para. 79).

32. The Advisory Committee notes that a number of specific actions are proposed in the report for strengthening self-evaluation in the Secretariat (A/62/701 and Corr.1, para. 78). **The Advisory Committee regrets that no similar actions are proposed for improving performance monitoring. It is not clear how the urgent issue of timeliness of performance reporting and quality and relevance of performance data would be addressed. The Committee stresses that effective results-based management should be based on reliable and integrated management information systems capable of producing high quality and up-to-date performance data. Programme managers should be equipped with effective information tools and support systems to track and analyse results. In this connection, the Committee draws attention to the issues raised by the Board of Auditors and its related recommendations on information and communications technology (see A/63/5 (vol. I), paras. 310 to 333).**

33. **The Advisory Committee also reiterates its earlier observation that consideration should be given to improving the timeliness of performance reporting so as to allow programme managers to incorporate lessons learned from the assessment of achievements into the preparation of new plans and budgets and to enable all concerned to have the necessary information on past performance in time for decision-making on the future direction of programmes and subprogrammes (see A/62/7, para. VIII.13).**

34. As indicated in the report, the Organization needs to gather and analyse credible information on performance through, inter alia, building cost-effective, user-friendly and relevant results-based management information systems (see A/62/701 and Corr.1, para. 86, principle 3). **The Advisory Committee observes that the report provides no further information on the scope, parameters or time frame for such systems or on how compatible and integrated they will be with the existing and the projected information management systems of the Secretariat, in particular the enterprise resource planning system. In this connection, the Committee draws attention to the recommendation of the Board of Auditors that the Organization adopt a decision on the Secretary-General's proposals related to the enterprise resource planning system of the Secretariat (see A/63/5 (vol. I), para. 136).**

## V. Conclusion

35. As indicated in the report of the Secretary-General, should the General Assembly endorse the proposals contained in his report on the accountability framework, enterprise risk management and internal control framework, and results-based management, the related financial implications are estimated at \$3,008,600 gross (\$2,682,500 net) for the biennium 2008-2009, including a provision of \$882,200 for the proposed pilot project on enterprise risk management (see A/62/701/Add.1). Cost estimates for new posts reflect the effective date of 1 July 2008.

36. The Secretary-General is proposing the establishment of a new Division for Accountability and Results Management within the Office of the Under-Secretary-General for Management in order to enable the Organization to become more results-oriented, monitor performance more effectively and strengthen oversight support. The proposed Division would replace the Office for Policy, Analysis and Oversight Support and would comprise three sections: a Results Management Section, a Performance Management Section and an Oversight Support Section, as well as a pilot project on enterprise risk management (see A/62/701/Add.1, para. 4).

37. **While noting the efforts of the Secretary-General to address the issues of accountability, internal control and management practices, the Advisory Committee is of the view that the issues should be further discussed with the other organizations of the United Nations system, inter alia, through the High-level Committee on Management of CEB, and with the oversight bodies. In this regard, the Secretariat should avail itself of the opportunity to exchange views with the Board of Auditors. The Advisory Committee also reiterates its recommendation that use should be made of expertise available within the United Nations system (see A/61/605, para. 16).**

38. **The Advisory Committee recommends that the General Assembly take note of the reports of the Secretary-General (A/62/701 and Corr.1 and Add.1). Subject to the comments and observations in the paragraphs above, the Committee recommends that the Assembly endorse the proposals contained in paragraphs 104 (b) and (c) of the report of the Secretary-General (A/62/701 and Corr.1). The Committee does not recommend approval of the proposed establishment of a dedicated capacity as contained in paragraph 104 (d) of the report. Accordingly the Committee does not recommend approval, at this stage, of the proposed changes to the organizational structure of the Secretariat contained in the report or any of the resources requested in document A/62/701/Add.1.**

## Annex

### **Processes and criteria used to delegate financial, procurement, property management and human resources authorities**

#### **Office of Programme Planning, Budget and Accounts**

1. According to rule 101.1 of the Financial Regulations and Rules of the United Nations (ST/SGB/2003/7), the authority and responsibility to implement the Financial Regulations and Rules has been delegated by the Secretary-General to the Under-Secretary-General for Management. The Under-Secretary-General has in turn further delegated the same authority and responsibility to the Assistant Secretary-General/Controller and Assistant Secretary-General for Central Support Services through administrative instruction ST/AI/2004/1. The administrative instruction stipulates that the authority and responsibility may be further delegated to other officials, as appropriate.

2. Governed by the above-mentioned framework, the Controller further delegates authority to officials at Headquarters, offices away from Headquarters and missions. Such delegations are personal and are not given solely on the basis of office or function. Requests for delegation are considered on an individual basis and approved based on the capacity of the office or mission, the experience and qualifications of the individual and the requirements to grant authority where it is needed. Examples of such delegations include the authority: to receive contributions; to manage trust funds; to issue allotments, allocations and grants; to sign host country agreements; as well as certifying, approving and bank signatory authority.

3. In addition, the Financial Regulations and Rules state that “officials shall be guided by the principles of effective and efficient financial management and the exercise of economy” (rule 101.1) and that “Any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions” (rule 101.2).

#### **Procurement Service**

4. The delegation of procurement authority is currently being issued by the Assistant Secretary-General/Controller through an interoffice memorandum to the Chief of the Procurement Service and to all procurement officers/procurement assistants under the authority granted to him by the Under-Secretary-General for Management dated 15 August 2005, pursuant to the provisions of ST/AI/2004/1. The amount of delegated procurement authority is established according to grade, as follows:

D-1, Chief of Procurement Service — \$200,000

P-5, Chief of Section/Senior Procurement Officer — \$150,000

P-4, Procurement Officer — \$75,000

P-3, Procurement Officer — \$50,000

P-2, Associate Procurement Officer — \$25,000

G-5 and above, Procurement Assistant — \$7,500

### **Office of Central Support Services**

5. Authority is delegated by functional delegation and personal delegation addressed to the staff member. For the authority and accountability for property management, there is no threshold. The delegation is granted to the heads of department at Headquarters via ST/AI/2003/5, whereas in the field, a personal delegation is given to the Assistant Secretary-General of the Department of Peacekeeping Operations, the heads of administration at offices away from Headquarters and others.

### **Office of Human Resources Management**

6. The basic instrument for delegation of authority for the application of the Staff Regulations and Rules is ST/AI/234/Rev.1, as amended by ST/AI/1999/1. Authority to take decisions under particular provisions of the Staff Regulations and Rules is delegated to officials in particular functions, listed in ST/AI/234/Rev.1, as follows:

(a) Secretary-General: as indicated in paragraph 4 of the instruction, the Secretary-General may (and does in practice) further delegate to the Under-Secretary-General for Management authority in matters otherwise reserved to the Secretary-General;

(b) Assistant Secretary-General for Human Resources Management;

(c) Assistant Secretary-General/Controller;

(d) Heads of departments or offices;

(e) Heads of departments and offices away from Headquarters.

7. Additional delegation of authority has been given over the years through specific administrative issuances on particular topics, notably in respect of selection of staff by heads of departments and offices in the context of the staff selection system (ST/AI/2006/3, sect. 9), or to heads of departments or programmes with a special status, such as the Office of Internal Oversight Services (ST/AI/401, as amended by ST/AI/2003/4) or the United Nations Office on Drugs and Crime, which functions under the arrangements originally made for the United Nations International Drug Control Programme (ST/AI/388). Separate arrangements have also been made with certain offices that have demonstrated the capacity to exercise greater delegated authority than under the general system, notably the Department of Peacekeeping Operations, which has received authority to recruit and administer mission staff. A complete update and revision of ST/AI/234/Rev.1 is under preparation.