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**STATEMENT TO THE FIFTH COMMITTEE
OF THE 61st GENERAL ASSEMBLY**

**HIS EXCELLENCY MR. JOHN McNEE
AMBASSADOR AND PERMANENT REPRESENTATIVE
OF CANADA TO THE UNITED NATIONS**

ON BEHALF OF CANADA, AUSTRALIA, AND NEW ZEALAND

**Items 47, 113, 116, 117, 122, 123, 124, 132 and 149: COMPREHENSIVE REVIEW
OF GOVERNANCE AND OVERSIGHT WITHIN THE UNITED NATIONS
AND ITS FUNDS, PROGRAMMES AND SPECIALISED AGENCIES**

NEW YORK, 12 DECEMBER 2006

**ALLOCUTION À LA CINQUIÈME COMMISSION
DE LA 61^e SESSION DE L'ASSEMBLÉE GÉNÉRALE**

**SON EXCELLENCE, M. JOHN McNEE
AMBASSADEUR ET REPRÉSENTANT PERMANENT DU CANADA
AUPRÈS DE L'ORGANISATION DES NATIONS UNIES**

**AU NOM DU CANADA, DE L'AUSTRALIE ET DE
LA NOUVELLE-ZÉLANDE**

**Points 47, 113, 116, 117, 122, 123, 124, 132 et 149: EXAMEN GLOBAL DU
DISPOSITIF DE GOUVERNANCE ET DE CONTRÔLE À L'ONU
ET DANS SES FONDS, PROGRAMMES ET INSTITUTIONS SPÉCIALISÉES**

NEW YORK, LE 12 DÉCEMBRE 2006

Mr. Chairman:

I have the honour to speak on behalf of the delegations of Australia, New Zealand and Canada. We would like to thank Mr. Sach for introducing the report of the Steering Committee, Under Secretary-General Ahlenius for introducing the report which contains the OIOS comments, and Mr. Saha for introducing the report of the ACABQ. We express appreciation also to the Chair of the Joint Inspection Unit and the representative of the Chief Executives Board for their introductions.

The issues of governance and oversight are fundamental. They give practical form to the proper relationship between member states and the Secretariat, provide the vehicles for effective decision making, and underpin confidence in the integrity and quality of the work done with the resources we all provide. Although improvements in these areas neither start nor end with the present review, the assessment commissioned by our leaders offers an uncommon opportunity to survey the landscape comprehensively and to place our organization on a sounder footing.

The report presented by the Steering Committee covers much ground, from governance principles to oversight methods. We do not contend it is perfect: its internal organization makes it difficult to use; some observations betray an incomplete understanding of the United Nations; and it could have been more specific on how to tackle the governance problems it identifies. It nevertheless highlights governance gaps that resonate with us and illuminate a wide range of issues concerning internal control, risk management, the functioning of the OIOS, its relationship to management, and the role audit committees can play. One need not agree with every recommendation to draw insight from the commentary. All or nothing does not work with a report of this scope; our challenge is selectively to extract from its strengths and to focus on what is most important.

Mr. Chairman

In this connection, the ACABQ has provided an important service in identifying five issues for early action. We like both the approach and the specific ACABQ menu. Concerning governance, we could not agree more with the importance attached to strengthening the results based approach and the accountability framework. Indeed, these are closely interrelated.

The Steering Committee points out that budgetary inputs are not sufficiently linked to outputs or outcomes and that the Organization lacks robust tools for assessing its performance. This gap has long disturbed the CANZ delegations, which is why we, and the General Assembly as a whole, have pressed the Secretary-General to explore the contribution cost-accounting could make. We hope the representative of the Secretary-General can tell us the status of the long overdue study.

We have also been concerned that results-based budgeting, adopted 6 years ago, is at risk of becoming a paper exercise used to present budgets to member states, rather than as a management tool. The results approach in the UN should be deepened because results-based management provides the basis for greater transparency and more effective budgetary decision-making. The Steering Committee was not very concrete on how to implement this idea, but happily both the Secretary-General and the ACABQ have suggested paths forward.

We stress even more strongly the need to improve the accountability regime. This includes the requirement for both the will and the tools to hold staff, in particular the most senior staff, accountable for performance. But it also embraces the broader need for the membership to have a clear picture of what is accomplished with our resources. We want to move this agenda forward at this session.

We appreciate the depth of the Steering Committee's treatment of the oversight cluster. There are so many issues that we can address only the most important. First is the adequacy of the internal control regime and of the arrangements for identifying and managing risk. The Steering Committee highlights the ambiguity in the division of responsibility between the OIOS and management for implementing internal controls. This is clearly the responsibility of management. We believe that the Secretary-General has a responsibility to review the adequacy of internal controls. Further, we should at this session ask him to make proposals to enable the systematic assessment of risk on an organization- wide basis.

The second major theme is what can only be characterized as the poor relationship between the OIOS and management, which we are told relates to perception of the OIOS as more an external than internal audit entity. This needs to be laid to rest. OIOS is internal, it part of the Secretariat and works under the authority of the Secretary-General. Its responsibility is to support the management improvement efforts of the Secretary-General.

The OIOS will retain the ability to report to the General Assembly and member states will continue to have access to OIOS reports. But these are simply transparency measures which should not interfere in any way with the close partnership with executive management that an effective internal audit function requires.

It is also time to implement the operational independence of the OIOS in order to enable it to respond to risk as it is identified and to avoid the need for the OIOS to negotiate resources with the objects of its oversight. The Steering Committee also recommended major structural change so that the OIOS would lose most functions but audit. We recognize there is more than one way to structure the various functions, but we see merit in keeping within the OIOS the elements where independence of thought and action are paramount. Our thinking on the specifics mirrors that of the ACABQ.

Finally, we come to the Independent Audit Advisory Committee. It should be put into effect rapidly, but on what basis? The draft terms of reference elaborated by the Secretary-General and broadly endorsed by the Steering Committee are comprehensive, but contain important ambiguities about how operational the IAAC would be with respect to the Board of Auditors and the OIOS. The concerns recently expressed by the Board of Auditors, regrettably at the 11th hour, make it imperative to resolve these uncertainties. It might be best for the Secretary-General to submit revised terms of reference, even at this session, that make clear the advisory role envisaged. Like the ACABQ, we stress the importance of a small, highly expert committee and the need for a mechanism to validate qualifications.

Mr. Chairman:

Our comments on the report of the Steering Committee address indirectly many of the points made in the report of the OIOS. We will address that paper comprehensively when this Committee takes up the revised estimates related to it. We now simply wish to register our appreciation for its cogent contribution to our present debate.

The breadth and complexity of the governance and oversight topic should not deter us from acting where we can. The ACABQ has helped to sharpen the focus. We are eager to work with all delegations in the remaining days of this session to take meaningful action on the pivotal issues that our leaders directed us to address. Thank you.