



**Comprehensive review of governance and oversight within the United Nations
and its funds, programmes and specialized agencies
(A/60/883 and Add. 1-2)**

Statement by Warren Sach, Assistant Secretary-General, Controller

**Fifth Committee of the General Assembly at its 61st session
12 December 2006**

Mr. Chairman,

The reports before you (A/60/883 and Addenda 1-2) have been prepared pursuant to General Assembly resolution 60/1, that requested the Secretary-General to submit an independent external evaluation of the auditing and oversight system of the United Nations, including the specialized agencies and the roles and responsibilities of management, with due regard to the nature of the auditing and oversight bodies in question.

Mr. Chairman,

The Organization has been struggling for a number of years now to meet the many challenges before it. In requesting an independent external review, Member States acknowledged that improving governance and oversight in the United Nations is fundamental to enabling the modernization of the management of the Organization.

Whilst United Nations operations have increased dramatically, the Organization's governance, oversight and management systems have not kept pace with change to enable the collective handling of multi-billion dollar global operations. This independent and expert report is an important contribution to the process to strengthen the United Nations system as a whole, through concrete measures to apply the concepts and principles of modern governance, accountability,

oversight, ethical standards, fairness, responsibility and transparency. The thorough analysis and proposals in the report lay a solid basis for ensuring effective governance and oversight.

The report of the independent expert Steering Committee is presented in two addenda, reflecting resolution 60/254 by which the General Assembly noted that there would be a separate report on the independent external evaluation of the auditing and oversight system within the United Nations, including the specialized agencies, as well as one on a comprehensive governance review.

- **Report of the Secretary-General (A/60/883)**

(a) The Secretary-General supports the main findings of the report of the independent expert Steering Committee.

(b) This support is subject to some minor exceptions:

- The Secretary-General supports the continuation of review by the ACABQ of the budget proposals for the OIOS;
- The Secretary-General also recognizes that there is little support for siting the Investigations Division of OIOS in the Office of Legal Affairs, and that other alternative options exist;

(c) Governance recommendation 4 relates to the role of Member States and the functioning of the Fifth Committee. The Secretary-General agrees with the Advisory Committee that given the adoption of General Assembly resolution 60/260 there is no merit in considering the issue further.

Mr. Chairman,

- **A/60/883, Addendum 1: "Governance"**

Volumes I, II and III of the report of the independent expert Steering Committee are contained in A/60/883/Add.1. They provide the project framework and methodology for the comprehensive review of governance and oversight, together with the recommendations with respect to governance.

(a) The report sets out a "**Code of Governance**" for consideration and potential by the United Nations system entities.

(b) The Secretary-General endorses recommendation 1 to improve the implementation of **results-based management** (RBM), and has proposed that this issue be subject to a thorough expert review to develop a plan for the continuous improvement of RBM, with the endorsement and participation of Member States.

(c) The Secretary-General also endorses recommendation 2 to **strengthen the accountability of executive management** as a priority. The recommendation includes the enhancement of management structures through the creation of a management committee, as

well as an in-depth **expert review of the Secretariat's accountability framework** in concert with the review of results-based management.

- **A/60/883/Addendum 2: "Oversight"**

This addendum contains Volumes IV and V of the report of the independent expert Steering Committee, that provides the recommendations with respect to oversight, including the review of the Office of Internal Oversight Services (OIOS):

- (a) The Secretary-General supports recommendation 1 to establish a robust and systematic **enterprise-wide risk management system**. Enterprise-wide risk management is a structured and coordinated entity-wide governance approach to identify, quantify, respond to and monitor the consequences of potential events. The Secretary-General also supports recommendation 2 to assign to **management the responsibility for internal controls** and periodic reporting on internal control effectiveness. These recommendations are interrelated, and could most efficiently be implemented together, following the preparation of terms of reference for the appropriate technical advice.
- (b) Recommendation 3 proposes the prompt implementation of the General Assembly's decision to **establish the Independent Audit Advisory Committee**. A separate report of the Secretary-General (A/60/846/Add.7) has been submitted.
- (c) Other recommendations in Volume IV of this addendum address matters that fall strictly within the province of the intergovernmental organs, addressing the **future of the Joint Inspection Unit**, and provision of **oversight services for inter-agency activities**. These recommendations affect the role and responsibilities of OIOS, the Board of Auditors and other oversight entities within the wider United Nations system. Following consideration by Member States, the Secretary-General will work with Member States, the United Nations System Chief Executives Board for Coordination (CEB), OIOS, the Board of Auditors and other oversight entities to implement resultant decisions.
- (d) Volume V of this addendum addresses the review of the OIOS. The report recommends actions to improve the oversight provided by the OIOS, with particular emphasis placed on **improving internal audit**, and the provision of operational and **budgetary independence** to the OIOS.

Mr. Chairman,

The many recommendations presented deserve close attention and scrutiny. However, I would invite Member States at this time to focus on a few key issues where immediate action is imperative and achievable, and will have the most beneficial impact.

1. First, the **early launching of the Independent Audit Advisory Committee**. In an increasingly complex world, access to technical advice from highly qualified experts is essential to help Member States execute their oversight role of the Organization. I would

encourage Member States to come to a decision on the IAAC's terms of reference early in the new year.

2. Second, the strengthening of the OIOS is essential. The determination of the right mix of functions for the OIOS is key, including the need to build adequate **firewalls between the auditing and investigative functions**, so as to protect staff trust and confidence in the audit function.

3. Thirdly, progress towards implementing an improved **accountability framework, managing risk**, and steady progress towards better **results-based management** is required to improve the Organization's management capacity and stewardship of resources.

The proposals contained in addenda 1 and 2 are subject to the decisions of Member States. Once choices have been made, the related financial implications will be provided to this Committee.

Mr. Chairman,

The Organization has been criticized for its governance and oversight systems, for weak financial controls, for poor management of its resources, and for not keeping up to date with best practices in management.

The proposals before this Committee are aimed at addressing these weak points. Approval by the General Assembly of the Secretary-General's proposals would help the Organization move forward in an efficient and effective manner to serve Member States better.

The Secretariat is ready to assist the Committee in its deliberations.

Thank you, Mr. Chairman.

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