

CHECK AGAINST DELIVERY

**STATEMENT TO THE FIFTH COMMITTEE
BY INGA-BRITT AHLENIUS
UNDER-SECRETARY-GENERAL
FOR INTERNAL OVERSIGHT SERVICES**

12 DECEMBER 2006

Mr. Chairman, distinguished members of the Fifth Committee,

It is my honour to present to you the report on **Proposals for Strengthening the Office of Internal Oversight Services** (A/60/901).

The World Summit Outcome Document (A/RES/60/1) stressed the urgent need to “substantially improve the United Nations oversight and management process”. The necessity of strengthening the operational independence of the OIOS was emphasized. It was also stressed that the expertise, capacity and resources of the OIOS in respect of audit and investigations should be significantly strengthened as a matter of urgency. A governance and oversight review was subsequently launched by the Secretary-General and a review of OIOS has been carried out.

I have prepared my proposals for strengthening OIOS for your consideration. In doing so, I have taken into account the report of the Independent Steering Committee on the Comprehensive review of Governance and Oversight within the United Nations and its funds, programmes and specialized agencies.

Please note that to meet the immediate budgetary implications of these proposals, a separate regular budget revised estimate for the 2006/2007 biennium has been submitted for your approval. In addition, while I will discuss all the proposals put forward in my report, it should be noted that I have already commenced implementation of those actions that fall within my authority.

Mr. Chairman, distinguished delegates,

According to General Assembly resolution 48/218B, OIOS is operationally independent under the authority of the Secretary-General in assisting him to fulfill his oversight responsibilities. The ACABQ has excellently clarified this position and function in their report (A/61/605) and I am pleased to quote:

“The Advisory Committee considers that the role of the OIOS as an internal oversight body is clear: it is part of the Secretariat and it discharges the mandates conferred by the General Assembly under the authority of the Secretary-General. The necessary ability of the OIOS to report to the General Assembly as it deems necessary, or

the access of Member States to its reports, does not derogate from the responsibility of the OIOS to work as a support to management in its efforts to improve the functioning of the Secretariat.”

Of the proposals contained in this report, ensuring the **operational independence** of the Office is the most critical. The existing General Assembly mandates relating to OIOS are clear that the Office should be operationally independent from management. However, the current funding process is an impediment to the Office’s independence.

To elaborate briefly, one of the impediments to our operational independence stems from the fact that the Department of Management, one of our main auditees, currently plays a major role in determining the budget for OIOS. This is in principle contrary to the requirement for operational independence.

Further, the funding that OIOS receives from the regular budget, peacekeeping support account and a number of other extra-budgetary sources or accounts limits the Office’s resources to these specific accounts – thus prevents us from moving resources from and between these accounts. In practice these stipulations restrict OIOS’ ability to pursue a risk-based approach to audit, i.e. to audit areas by priority from the risk that an area or audited entity may bear to the Organization. As a consequence of these restrictions, OIOS is unable to fully comply with the Institute of Internal Auditor’s *International Standards for the Professional Practice of Internal Auditing*, as stipulated in Standard 2010, which states “The chief audit executive should establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization’s goals.”

To strengthen OIOS I have made it clear that the core functions of the Office must remain as stipulated in the founding General Assembly resolution 48/218B. I therefore strongly disagree with the Steering Committee recommendation to separate the investigation function from OIOS, which would lead to a significant weakening of oversight in the United Nations. On this point, I am very pleased to note that ACABQ, in their report, also refer to this resolution and state the opinion that the investigation function should be maintained in OIOS.

As noted earlier, we have already commenced some initiatives from the A/60/901 report that fall within my authority.

For example, I have consolidated the two internal audit divisions into one Internal Audit Division headed by a Director (D2) based in New York. I have also created a Professional Practices Section from resources provided in the 2006/2007 biennial regular budget. By January 2007 we will have five qualified staff in this section headed by a P5.

The Information Technology (IT) Audit Section is established, with some staff already on board, and recruitment continues for additional staff. By January 2007 we will have a fully functioning IT Audit Section with four people headed by a P5.

I am proposing to place the inspection and evaluation functions under the leadership of a Director at the D2 level.

Enhancing the inspection function is one of my key strategies for strengthening oversight in the Organization. I propose to develop this function to provide management and the inter-governmental bodies with comprehensive inspection reports on the management of United Nations departments, offices, missions and commissions.

I have said on several occasions that evaluation is an integral part of independent effective internal oversight and I strongly disagree with the Steering Committee recommendation that the Evaluation Section be relocated to the Department of Management. While I support the view that management should have the capacity to conduct self evaluations as part of their management process, this should not be done at the expense of independent central evaluations as conducted by OIOS.

Further, the Steering Committee's report on the review of OIOS did not provide an adequate analysis for strengthening the investigation function. My ambition is, therefore, to comprehensively reassess the functions, structure and work processes of the OIOS Investigations Division. This will allow OIOS to further restructure and refocus its approach to investigations, and will result in a more effective investigation function, necessary to deter wrongdoing, assure proper accountability and maintain the confidence of Member States and other stakeholders in the integrity of the Organization.

Although the review will not be concluded until June 2007, work is already well underway to improve the professionalism and quality of work. An Investigations Division of high quality and enhanced capacity that would better reflect the requirements of the Organization is a major priority for OIOS.

The management consulting function is recommended for transfer from OIOS to the Department of Management. The ACABQ and the Secretariat's Management Committee have endorsed this move and pending the decision by the General Assembly on the transfer of resources, this will be implemented.

In addition, I propose that the responsibility for the preparation of the Secretary-General's biennial Programme Performance Report (PPR) be transferred to the Department of Management. OIOS will undertake its mandated oversight role with respect to the PPR and include in its programme the task of monitoring and inspecting the PPR with a view to validating the results being reported.

The OIOS proposes to redeploy 11 of the 27 unused GTA posts, originally allotted to investigations in the 2006/2007 regular budget, to other functions in OIOS. OIOS' commitment to the Organization to undertake investigations of fraud and corruption have been more than adequately met with the establishment of the Procurement Task Force under my authority.

In addition to the redeployment of posts I have presented in this report, proposals for building skills and capacity of staff, including the technological capabilities of audit and investigations staff.

Mr. Chairman, distinguished delegates,

In conclusion, I have outlined the proposals as you have seen in my report A/60/901 and I am pleased to tell you that I will achieve these mainly through the redeployment of resources and the replacement of the posts for the management consulting activity that I trust the General Assembly will approve. Without the replacement posts, I will not be able to fully achieve my ambition to strengthen the OIOS inspection function. I will be pleased to answer any questions you may have on my presentation and on the report before you.

Thank you, Mr. Chairman