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Held at Headquarters, New York, on Tuesday, 3 October 2023, at 10 a.m.

Chair: Mr. Mahmoud. (Egypt)
*Vice-Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Ms. Gaspar Ruas

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

Agenda item 138: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) ([A/C.5/78/L.2](#))

Draft resolution [A/C.5/78/L.2](#): Scale of assessments for the apportionment of the expenses of the United Nations: requests under Article 19 of the Charter

1. **Mr. Alyakin** (Russian Federation) said that the Russian Federation did not object to permitting the Comoros, Sao Tome and Principe and Somalia to vote in the General Assembly. However, it dissociated itself from paragraphs 108, 113 and 122 of the report of the Committee on Contributions on its eighty-third session ([A/78/11](#)), in which the war in Ukraine was identified as a factor affecting the ability to pay of the States in arrears. The economic problems that had resulted in arrears were systematic and had emerged long before the special military operation in Ukraine.

2. *Draft resolution [A/C.5/78/L.2](#) was adopted.*

Agenda item 143: Report on the activities of the Office of Internal Oversight Services ([A/78/301 \(Part I\)](#) and [A/78/301 \(Part I\)/Add.1](#))

Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations ([A/78/286](#))

3. **Ms. Ndiaye** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on its non-peacekeeping activities from 1 July 2022 to 30 June 2023 ([A/78/301 \(Part I\)](#) and [A/78/301 \(Part I\)/Add.1](#)), said that OIOS aligned its internal oversight activities with the enterprise risk management frameworks of the Secretariat and the other entities in its purview through a risk-based workplan that focused on areas of higher risk. During the reporting period, OIOS had issued 240 oversight reports relating to non-peace operations, including 7 that had been provided to the General Assembly. The reports included 626 recommendations to improve risk management, governance and operations, 7 of which had been classified as critical. A total of 1,349 recommendations had remained open on 30 June 2022, just over half of which had been open for less than 12 months. OIOS engaged with management to ensure the timely implementation of its recommendations. The addendum to the report ([A/78/301 \(Part I\)/Add.1](#)) provided an analysis of the implementation of OIOS recommendations, which remained high.

4. The Internal Audit Division of OIOS continued to increase the integration of its risk-based planning processes with the Organization's enterprise risk management framework. The Division had issued 61 audit reports to non-peace operations entities, focusing on several areas of high risk, including procurement; management reforms and strengthening of the second line of defence in risk management; and cybersecurity.

5. The Inspection and Evaluation Division, which continued to apply its new approach to evaluating the outcomes achieved by subprogrammes, had completed five evaluations in the area of sustainable development as well as evaluations of youth, peace and security, and coordination of humanitarian action and response. The Division continued to provide strategic evaluation support to the Secretariat. However, the biennial review of evaluation had found that the number of evaluation reports prepared across the Organization had decreased considerably.

6. With respect to investigations, 801 non-peacekeeping matters had been reported to OIOS during the reporting period. Of those, 168 had been assigned for investigation by the Investigations Division. The Division had issued 159 investigation reports and closure notices and 10 advisory reports. At the end of the period, investigations had been taking an average of 12.1 months to be completed. Significant increases in overall intake and in the number of investigations had affected their timeliness.

7. An independent panel of experts had concluded an external quality assessment of the investigation function. The OIOS report ([A/78/301 \(Part I\)](#)) summarized the steps being taking to implement the 22 recommendations contained in the panel's report. Similar reviews of the remaining OIOS functions were progressing.

8. OIOS had received effective cooperation during the period and no inappropriate limitations of scope had impeded its work or independence.

9. **Mr. Vanker** (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 2022 to 31 July 2023 ([A/78/286](#)), said that IAAC had reviewed trends in the rates of implementation of recommendations by the Board of Auditors, OIOS, and the Joint Inspection Unit. While IAAC noted some improvement and encouraged management to make further progress, it also noted that several recommendations of the oversight bodies had remained outstanding for a long time, which represented a high risk that must be properly managed.

10. To assess the effectiveness of OIOS, whose audits addressed many important organizational risks, IAAC had reviewed the progress on the external assessments of the Office. IAAC urged OIOS to expedite the implementation of the accepted recommendations from the external assessment of the Investigations Division and welcomed the decision by OIOS to undertake a holistic review of the Office. IAAC continued to be concerned that while the Division's caseload had increased substantially since 2015, the number of staff had increased by only 10 per cent, thereby placing pressure on investigators to manage an ever-growing caseload. IAAC reiterated its recommendation that OIOS review the Division's resource needs and develop a plan to reduce further the average time to complete investigations.

11. With respect to the ethics function, the General Assembly had, by its resolution 77/278, approved a new mandate for IAAC by enhancing its role in strengthening the accountability framework. IAAC was consulting with stakeholders on how to operationalize the resolution.

12. Regarding risk management, IAAC noted that not all risk treatment and response plans at the entity level had been developed. Risk identification without prompt or adequate response plans could make the enterprise risk management process ineffective. IAAC therefore called on management to ensure the prompt development and implementation of risk mitigation plans.

13. IAAC was of the view that after-service health insurance liabilities remained a significant risk to the Organization and that the General Assembly might wish to revisit the matter.

14. **Mr. Tur de la Concepción** (Cuba), speaking on behalf of the Group of 77 and China, said that the implementation of reforms and the strengthening of internal oversight of the Organization should go hand in hand. OIOS played a key role in improving internal controls, risk governance, accountability, and organizational efficiency and effectiveness. The Group supported the operational independence of OIOS, in line with General Assembly resolution 48/218 B, and the efforts of OIOS to carry out its work with high standards of professionalism and efficiency. The Group welcomed the coordination between OIOS and other oversight entities, including the Board of Auditors and the Joint Inspection Unit, and called for it to be further enhanced to minimize overlap and duplication of oversight work. All relevant United Nations entities should cooperate fully with OIOS. The Secretary-General should ensure

continuous reporting on any impediments to the work of OIOS and take measures to prevent such impediments.

15. The Group noted that from 1 July 2022 to 30 June 2023, the number of reports issued by OIOS had decreased to 414, as compared to 484 in the previous reporting period. However, the number of recommendations had increased from 883 to 1,101. The number of open recommendations had increased from 1,043 to 1,349, and 10 of them were considered critical, 9 more than in the previous reporting period. While the Group acknowledged the steps taken by OIOS to review the way in which it rated and monitored its recommendations, it also reaffirmed that OIOS would be unable to perform better unless the Secretariat and United Nations system entities accepted recommendations and implemented them in a timely manner.

16. The Group noted with pleasure that the implementation of some recommendations with financial implications had resulted in the realization of more than \$2 million in recoveries. It also recognized the important work of the Internal Audit Division, especially in strengthening the second line of defence in risk management during reforms and roll-out of the framework for the delegation of authority. The Inspection and Evaluation Division was making noteworthy efforts to align its work to cover more of the Secretariat's subprogrammes.

17. With respect to the Investigations Division, the Group supported the ongoing efforts to reduce the average time taken to complete an investigation and reiterated its support for the role of OIOS in enforcing the zero-tolerance policy for acts of corruption, fraud or misconduct.

18. Given the important role of OIOS in improving internal controls, accountability and organizational efficiency and effectiveness, the Group was of the view that OIOS should examine the occupancy issue at United Nations Headquarters and other Secretariat offices. It was a matter of concern that despite the efforts of management, a significant number of offices remained empty or partially empty because staff chose to continue working from home. The physical presence of Secretariat staff was fundamental for the work of the Organization and must meet the requirements set by the Member States in United Nations rules and regulations.

19. The Group appreciated the expert advice provided by IAAC, whose observations and recommendations were intended to ensure compliance with audit and oversight recommendations and the overall effectiveness of risk management procedures in the Organization's internal control systems. While the

Group acknowledged the efforts by management to implement the recommendations of the Board of Auditors, as reflected in the IAAC report (A/78/286), it was also of the view that more should be done to address long-outstanding recommendations. The Group welcomed the issuance of the Fraud and Corruption Awareness Handbook and would support its further operationalization.

20. **Ms. Schmied** (Switzerland), speaking also on behalf of Liechtenstein, said that the two delegations were committed to a strong, effective and efficient United Nations, and OIOS played a crucial role in the continuous improvement of the Organization's management and operations. A robust internal oversight function in the Secretariat was key to transparency, accountability and the fulfilment of mandates, which was the objective of the Secretary-General's management reform.

21. OIOS played a crucial role in the efforts of the United Nations to combat violations of ethical standards and misconduct. Acts of retaliation, discrimination, sexual exploitation and abuse, and sexual harassment caused suffering and created an unhealthy and inefficient working environment. The two delegations had noted that the number of investigations carried out by the Investigations Division had increased considerably in recent years and continued to do so, a clear sign of the importance of OIOS as the central body addressing such complaints, and of the confidence staff placed in the Office. She welcomed the external evaluation of the Division and the recommendations aimed at helping it manage its workload and improve the speed of investigations. To that end, it was particularly important to allocate the necessary resources.

22. OIOS was an important instrument for strengthening accountability at all levels of the United Nations. OIOS and IAAC recommendations must be implemented in a timely manner, as they were an important tool for continuous improvement of the Organization's governance and functioning. Obstacles to the implementation of those recommendations must be identified and addressed. Accountability was key to the implementation of United Nations reforms, whether with respect to delegation of authority or other management issues.

23. In order for OIOS to carry out its mandated activities impartially and objectively, it must have an appropriate level of real and perceived independence from the management of the Organization and its funds and programmes. The two delegations welcomed the efforts of OIOS to collaborate with other parts of the United Nations system and to coordinate its activities

with the Board of Auditors and the Joint Inspection Unit in order to benefit from synergies and achieve increased effectiveness.

24. **Mr. Laputin** (Russian Federation) said that the Russian Federation accorded great importance to the independence of OIOS to enable unbiased, objective investigations of alleged misconduct or abuse. Acting without bias meant treating all staff members equally, regardless of their position. Complaints against senior managers must be fully examined and, if warranted, investigated. Leaders had a special responsibility for setting the tone of an ethical climate.

25. It was a matter of concern that the number of unimplemented recommendations of OIOS had risen to 101. His delegation concurred with IAAC on the need for an analysis of the reasons why they had not been implemented. He welcomed the reduction in the average time for completion of investigations from 12.7 to 12.1 months. Nevertheless, given that best practice was to complete investigations expeditiously in order to avoid impunity and a sense of uncertainty in the workplace, OIOS should conduct an internal review to identify the causes of delays and increase the efficiency of its work.

26. His delegation shared the doubts of IAAC about the ability of OIOS to implement its mandate with its current high vacancy rate. Requests were submitted to the Member States each year for additional posts, but OIOS should focus on filling vacancies, and any posts that were not required should be proposed for abolition.

27. He noted with satisfaction the improved oversight by OIOS of the Secretariat's procurement activities, in particular the uncovering of embezzlement, fraud and other cases of misuse of resources.

Agenda item 140: Report on the activities of the Ethics Office (A/78/91)

28. **Ms. Armstrong** (Director, Ethics Office), introducing the report of the Ethics Office for 2022 (A/78/91), said that the report included information on the activities of the Ethics Panel of the United Nations. The Ethics Office had continued to deliver on its mandate of assisting the Secretary-General in fostering a culture of ethics, transparency and accountability to safeguard public trust in the work of the United Nations. In 2022, the Office had responded to 1,822 requests, including 915 requests for ethics advice, primarily on outside activities and other conflict-of-interest matters. The Office continued to advise staff members on gifts and honours, while the Department of Management Strategy, Policy and Compliance continued to develop the related global online registry.

29. For the 2022 cycle of the financial disclosure programme, 5,149 disclosure statements had been reviewed. More than 87 per cent of senior officials had participated in the Secretary-General's voluntary public disclosure initiative, the highest level of participation since the inception of the initiative.

30. The 2022 Leadership Dialogue had focused on the theme "Living the United Nations Values: what this means in practice for each of us", which had been developed jointly with the Office of Human Resources. More than 37,000 United Nations personnel had participated to discuss the new United Nations Values and Behaviours Framework.

31. The Ethics Office had received 140 enquiries about the policy on protection against retaliation for reporting misconduct or cooperating with audits or investigations. The Office had completed 45 preliminary reviews, referred 11 *prima facie* determinations for investigation and determined 1 case of retaliation after investigation of a previously received complaint. In addition, she had chaired 11 sessions of the Ethics Panel and made a presentation on protection against retaliation at the Ethics Network of Multilateral Organizations.

32. A response to the request made by the General Assembly in its resolution [77/278](#) for measures to enhance the work of the Ethics Office in the field would be presented through the proposed programme budget for 2024.

33. **Mr. Tur de la Concepción** (Cuba), speaking on behalf of the Group of 77 and China, said that a dedicated and effective ethics function was a prerequisite for the accountability and integrity of United Nations system organizations, and thus for their credibility and reputation. A culture of ethics would help ensure that staff performed their functions in a manner consistent with the highest standards of efficiency, competence and integrity, as required in Article 101 of the Charter. Those standards must also be maintained during the recruitment process in upholding the principle of equitable geographical representation.

34. The Group noted that in 2022 the Ethics Office had responded to 1,822 requests, 395 of which had pertained to the financial disclosure programme, an increase of 152 compared to 2021. The Group looked forward to receiving information on the internal audit of that programme to be completed by OIOS in 2023. Given the risk environments faced by field-based operations and the potential of enhanced work by the Ethics Office in the field, the Group also looked forward to reviewing the related resource requests in the forthcoming budget proposals.

35. The low occupancy levels in offices within the Organization were a matter of concern and might reflect a certain lack of ethical behaviour in staff members' attitudes towards their work. The issue, while it might not be a widespread phenomenon, merited consideration. The Group reiterated its strong support for an effective and efficient culture of ethics embedded in the working habits of the United Nations.

36. **Ms. Fonina** (Russian Federation) said that the General Assembly, by its resolution [77/278](#), had strengthened the independence of the Ethics Office through a new reporting process that was certain to result in greater engagement and help the Assembly to further enhance the Organization's ethics policy. The main provision guiding the work of the Ethics Office was Article 101 of the Charter, according to which the paramount consideration in the employment of the staff and in the determination of the conditions of service must be securing the highest standards of efficiency, competence, and integrity. She was confident that the Office would fulfil those requirements, including in the matter of equitable geographical representation among Secretariat staff and ensuring the true impartiality of international civil servants.

37. On the activities of the Ethics Office in the field, her delegation concurred that work in the field involved heightened risks, which resulted in greater numbers of complaints about alleged cases of misconduct and abuse. The Russian Federation would review the proposals on increasing the cooperation between Ethics Office staff and United Nations personnel in the field. Any initiatives proposed must be accompanied by a cost-benefit analysis.

Agenda item 134: Proposed programme budget for 2024

Financial performance report on the programme budget for 2022 ([A/78/89](#), [A/78/330](#))

38. **Mr. Ramanathan** (Controller), introducing the financial performance report on the programme budget for 2022 ([A/78/89](#)), said that the report had been prepared in accordance with General Assembly resolution [72/266 A](#), in which the Assembly had endorsed the recommendation, made by the Advisory Committee in its report on shifting the management paradigm in the United Nations ([A/72/7/Add.24](#)), that the Assembly request the Secretary-General to issue a separate budget performance report following the completion of a budget period. The report had been submitted earlier than in previous budget cycles in order to facilitate the Assembly's review of the proposed programme budget prior to its session in September. In

addition, the current report was more comprehensive and contained substantially more information than the previous financial performance report, including on such items as unliquidated commitments, cost recovery amounts and special commitments.

39. In 2022, the impact of the coronavirus disease (COVID-19) pandemic on the implementation of the programme budget had subsided. Within the overall appropriations approved by the General Assembly, the Organization had invested in upgrades to the enterprise network to support the communications and conferencing infrastructure, which facilitated uninterrupted operations and ensured the provision of continuous support to intergovernmental proceedings and meetings of Member States.

40. The final expenditure in 2022 had amounted to \$3,236.3 million, against an appropriation of \$3,257.8 million. The underexpenditure of \$21.5 million comprised \$13.0 million under regular budget operations, excluding special political missions, and \$8.5 million under special political missions. The underexpenditure of \$13.0 million under regular budget operations other than special political missions was mainly under posts (\$11.8 million) due to higher-than-budgeted vacancy rates, as vacancy rates had not reacted quickly to the removal of the hiring freeze for regular budget posts in May 2021. Non-post expenditure in 2022 had, however, reached the budgeted level with an implementation rate of 99.9 per cent. The underexpenditure of \$8.5 million under special political missions was mainly relating to air operations, medical services, meeting services and lower expenditures for military contingents and military observers, and was partly offset by overexpenditure for international staff owing to a lower-than-budgeted vacancy rate for some missions.

41. The expenditure in 2022 also included an amount of \$35.4 million incurred in respect of commitment authorities, including subventions, for which no appropriations had been approved. Because the commitment authority for \$18.7 million for the United Nations Support Mission in Libya had already been assessed, that amount would be returned as part of the \$113.6 million being returned as a credit against assessments for 2024. Other credits forming part of the \$113.6 million were (a) \$25.6 million in income generated in excess of the estimates approved by the General Assembly; (b) \$47.9 million from cancelled prior-period commitments; and (c) \$21.5 million in unencumbered balances of 2022 appropriations. The return of that \$113.6 million would reduce the liquidity for 2024.

42. Open commitments at the end of 2022 had amounted to \$130.7 million, or 4 per cent of the appropriation, reflecting a continuing trend of decline, in absolute and percentage terms, since the introduction of the annual budget cycle in 2020. No special commitments had been needed in 2022 owing to the improved liquidity situation.

43. **Ms. Gaspar Ruas** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee ([A/78/330](#)), said that a new table and eight new annexes in the financial performance report on the programme budget for 2022 ([A/78/89](#)) presented more information and justification for the budget implementation. Nonetheless, the Advisory Committee noted that the report did not provide information in accordance with some of its previous recommendations endorsed by the General Assembly. The Advisory Committee recommended that the Assembly request the Secretary-General to complete the formulation of the criteria for future exceptional use of special funds commitments as soon as possible, and to provide a clear timeline on the review process for the cost recovery fund surplus. Concerning the merging of the Secretary-General's reports on the transfers between sections, as requested by the General Assembly in its resolution [77/263 A](#), the Advisory Committee noted with concern that the financial performance report for 2022 lacked information on those transfers. The Advisory Committee recommended that the Assembly request the Secretary-General to provide full related information on the transfers between sections in future financial performance reports of the programme budget. On the impact of recosting, the Advisory Committee recommended that the General Assembly request the Secretary-General to include the information of the actual expenditures related to the impact of recosting in all future financial performance reports.

44. Final expenditure for 2022 amounted to \$3,236.3 million, or 99.3 per cent of total appropriations. The expenditure included additional spending amounting to \$35.4 million, without appropriation, authorized by the General Assembly, as well as unliquidated commitments amounting to \$130.7 million, or 4 per cent, of the appropriation. The Advisory Committee noted that that percentage had been lower at the end of the 2022 financial period, compared with 7.2 per cent for 2020 and 4.6 per cent for 2021. An amount of \$47.9 million of prior-period commitments had been cancelled by the end of 2022 for return to Member States. The Advisory Committee trusted that detailed information with the justifications for the cancelled prior-period obligations for each budget section and by object of expenditures would be included

in future performance reports. The Advisory Committee noted the cumulative overexpenditure incurred under furniture and equipment, contractual services and consultants for the past five years, and concurred with the recommendation of the Board of Auditors in its related report (A/78/5 (Vol. I)) that the Administration should continue to monitor budget implementation, in particular for those entities with continuous overexpenditure on furniture and equipment.

45. **Mr. Tur de la Concepción** (Cuba), speaking on behalf of the Group of 77 and China, said that, given its role as the sole Main Committee with responsibilities for administrative, financial and budgetary matters, the Fifth Committee must have all the necessary information to conduct an insightful examination of how the budget it had approved had been implemented. In that regard, some information was missing from the financial performance report (A/78/89). Notably, the practice of providing information on transfers between sections had been suspended, thereby impeding the General Assembly from carrying out, through delegation to the Advisory Committee, its duties under regulation 5.6 of the Financial Regulations and Rules.

46. Additional information was required on the management of special commitments. Under the Financial Regulations and Rules, appropriations must remain available for 12 months following the end of the budget period to which they related and the balance of appropriations must be surrendered. However, the Committee still did not know whether the balance of \$17.7 million in special funds commitments for 2020 had been used and for what purpose, or whether it had been returned to Member States. The Group would also like to understand why it had taken longer than the established time to surrender the positive balances from the regular budget, namely, the special commitments as well as the balance of \$21.7 million that had resulted from the transfer of the regular budget fund to the cost recovery fund by the end of 2020.

47. The Group was concerned about the negative trend arising from the policy of forward purchasing of currencies. The policy had been mandated by the Assembly with the aim of protecting the United Nations against exchange rate fluctuations. However, since 2012 there had been over twice as many losses as gains. Consequently, the current arrangements for forward purchasing of foreign currencies and the possibility of diversifying the basket of currencies should be reviewed.

48. Lastly, the Group noted that the cost recovery surplus in the regular budget had continued to grow in 2022 and no detailed information had been provided on

why that was the case and what that money was being used for. Under the new cost recovery policy issued in December 2021, the overall fund balance should not exceed one year of operating expenses and the annual difference between income and expenditure should not vary by more than plus or minus 10 per cent of the costs incurred. Recalling that in 2021 the accumulated surplus had been approximately 1.8 times the expenses of the cost recovery fund, he noted that the pattern was the same in 2022. The Committee must have a clear understanding of the matter and take a decision on it.

49. **Mr. Ramanathan** (Controller) said that the matter of special commitments had been examined by the Committee, the Board of Auditors and the Advisory Committee. As he and the Secretary-General had repeatedly pointed out, the failure of Member States to pay their contributions in full and on time made it impossible to maintain the Organization's operations. Nevertheless, management had done its best to do so in accordance with the Charter. The Member States had been requested repeatedly to consider amending the Financial Regulations and Rules to make them fit for purpose.

50. Because the financial performance report was for a given budget period, it reflected only the transactions for that period, not for prior periods. All relevant monies for 2019 and 2020 had been returned to the Member States, without fail, and had been fully accounted for and audited. He would welcome an audit of the entire process by the Board of Auditors. Full transparency was welcome, and the Secretariat was continuously improving its reports. He would be pleased to brief the Committee on the special commitments, as he did on other liquidity matters.

51. **Mr. Tur de la Concepción** (Cuba) said that the Controller and his team were to be applauded for managing the budget of the Organization during extremely challenging times. With the annual budget cycle now definitive, the Committee was in a better position to assess financial performance, in accordance with its mandate. His statement had been aimed solely at seeking information to be assessed and used as a basis for sound decision-making.

The meeting rose at 11.15 a.m.