United Nations A/C.5/53/SR.27

General Assembly
Fifty-third session

Official Records

Distr.: General
7 December 1998

Original: English

Fifth Committee

Summary record of the 27th meeting
Held at Headquarters, New York, on Monday, 16 November 1998, at 10 a.m.

Chairman: Mr. Abelian . . . . (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

98-82379 (E)

The meeting was called to order at 10 a.m.

Agenda item 111: Financial reports and audited financial statements, and reports of the Board of Auditors (A/52/5 (vol. II), A/52/811, 867 and 879; A/53/5 (vols. I, III and IV) and Add.1–10, A/53/217, 335 and Add.1, 508 and 513)

1. **Mr. Shunglu** (Chairman of the Board of Auditors) said that, in addition to its reports on 13 United Nations organizations (A/53/5 (vols. I, III and IV) and Add.1–10), United Nations peacekeeping operations (A/52/5 (vol. II)), the management review of the secretariat of the International Civil Service Commission (A/52/811) and the financial statements of the United Nations Joint Staff Pension Fund (UNJSPF) to the General Assembly (A/53/9, annex III), the Board of Auditors had also issued a summary of its findings (A/53/217), as requested in General Assembly resolution 47/211. Its comments on the implementation of the audit recommendations made in the previous financial period were included in the annexes to each report.

2. In its report on peacekeeping operations the Board had presented its findings by area of activity, rather than by mission as in the past, in order to bring out more clearly the scope for improvement. It had also presented a summary at the beginning of the document and therefore done away with the summary of findings. Because of the change of the financial period for peacekeeping operations from biennial to annual, as a transitional arrangement the report covered the 18-month period from 1 January 1996 to 30 June 1997. A similar presentation had been used in the other reports, which addressed in particular the requirements contained in decisions and resolutions of the General Assembly. In the 1996–1997 biennium the Board had also conducted horizontal audits of cash management, capital assets funds, and management of premises.

3. The Board's Audit Operations Committee had continued to maintain a dialogue with the audited organizations and close cooperation with the Office of Internal Oversight Services (OIOS) and the internal audit services of the organizations. It had also exchanged information on issues of mutual interest with the Joint Inspection Unit (JIU). The second tripartite meeting of the Board, OIOS and JIU had been held on 3 November.

4. The Audit Operations Committee had met with the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in May to discuss the report on peacekeeping operations and in September to discuss the other reports. The Board noted the Advisory Committee's observation that inconsistent application of several articles of the United Nations accounting standards required urgent review and looked forward to the findings of the review being carried out by the Consultative Committee on Administrative Questions (Financial and Budgetary) (CCAQ(FB)). ACABQ believed that the Board's reports should be published before the start of the regular session of the General Assembly and intended to hold further discussions on that question with the Board and representatives of the Secretary-General. The Board noted the Advisory Committee's request that its report on peacekeeping operations for the period ended 30 June 1998 should be submitted to ACABQ in February 1999.

5. The Advisory Committee appreciated that the Board's workload had increased dramatically in recent years and intended to discuss with it the question of additional resources. The Board would keep in mind the Advisory Committee's request for a horizontal audit of procurement for the biennium 1998–1999 and its suggestion for reviews of the organizations' publications. It would also discuss with the Office of the United Nations High Commissioner for Refugees (UNHCR) the planning of biennial audits. The Board proposed to review the Secretary-General's report on procurement reform (A/C.5/52/46) in conjunction with the next audit of peacekeeping operations and to monitor the compliance of the United Nations Development Programme (UNDP) with the procedures for granting cash advances to Governments.

6. The Board noted the Advisory Committee's opinion in its report on the Guidelines for Internal Control Standards (A/53/508) that the Guidelines were too general to be operational or to enable the Board to ascertain whether they had been complied with. It also noted the ACABQ observations in its report on the United Nations pension system (A/53/511).

7. In paragraph 8 of its report on United Nations peacekeeping operations (A/52/5, vol. II, chap. II), the Board had identified those recommendations made in its report on the biennium 1992–1993 which had not been fully implemented. It remained concerned that the current practice did not allow for effective tracking of letters of assist and felt that an effective system should be put in place to monitor contracts awarded on the basis of delivery schedules and that the transfer of unserviceable property at additional costs to the Organization should be avoided. The Board had issued a qualified opinion for two reasons. Firstly, although some Member States had declared their intention not to pay assessed contributions totalling $116.1 million, no provision had been made in the financial statements for the delay in the collection of those contributions. Assessed contributions were legally binding and should not be written off without the

General Assembly's approval. The omission of provision for delays meant that the statements did not properly present the financial position of the peacekeeping operations. Secondly, the Board had been unable to confirm the validity of total adjustments of $130.4 million arising from conversion from the old general accounting system to the Integrated Management Information System (IMIS) owing to gaps in the audit trail.

8. Contingent liabilities amounting to $304.4 million still subject to arbitration proceedings had not been disclosed, and there had been a sharp increase in the write-off of property losses. There had also been delays in recommending write-offs of assets by United Nations Headquarters. Some $24 million in non-expendable property transferred by two missions to other missions had not been acknowledged as of December 1997. Procurement in excess of $188 million had been considered on an *ex post facto* basis, and contracts totalling over $72 million had been extended without bidding. Lastly, the liquidation of four missions which had started before April 1996 had not been completed by December 1997.

9. On the basis of its findings, the Board had recommended *inter alia*: that the value of pending arbitration claims against peacekeeping operations should be disclosed in the notes to the financial statements; that the Administration should set deadlines for internal review processes to avoid delays in the award of contracts; that the Administration should review its computerized systems on letters of assist to provide accurate and reliable information; that the liquidation of missions should be accomplished as quickly as possible in order to minimize costs; and that missions in liquidation should make a physical inventory of non-expendable property prior to its disposal in accordance with the provisional liquidation guidelines.

10. With the exception of the International Trade Centre, UNDP and UNJSPF, the audited organizations had still not implemented all the Board's recommendations. The Board had qualified its audit opinion of the financial statements of UNDP, the United Nations Population Fund (UNFPA), and the United Nations International Drug Control Programme (UNDCP) because it had been unable to obtain sufficient evidence from Governments and non-governmental organizations (NGOs) that the funds advanced to them had been expended for the intended purposes.

11. The main issues for attention with respect to the United Nations system accounting standards were the disclosure of full valuation of property and contributions in kind, exchange losses netted off against income, non-provision for uncollectable pledges, and non-disclosure of reserve fund balances and of liability for end-of-service benefits.

12. The Board's recommendation that the United Nations Children's Fund (UNICEF) should regard cash assistance to Governments as programme expenditure at the time when funds were advanced had not been implemented: programme expenditure of $1,360 million had included cash assistance of some $100 million which had not been liquidated by Governments by 31 December 1997. The Board had been informed that the Financial Regulations and Rules would be revised in that respect after consultation of ACABQ and with the approval of the Executive Board. The Advisory Committee had suggested that UNICEF should check with other funds and programmes about their experience before making the revision.

13. The financial statements for UNHCR did not truly reflect expenditure for the year: the amount of $193.5 million had not been supported by accounts from implementing partners and had remained unadjusted in the memorandum suspense account. UNHCR had informed the Advisory Committee that it was considering changes to meet the Board's concerns.

14. In the United Nations General Fund, the trial balance figures for both accounts receivable and accounts payable were substantially higher than the corresponding figures in the financial statements. IMIS had been unable in some cases to match amounts received with the corresponding items of accounts receivable, and the identity of debtors and creditors had not been available in many cases. The Board had also questioned the Administration's ability to collect overdue accounts receivable and maintain proper control of accounts payable. It recommended that Release 3 of IMIS should be modified to correct those deficiencies. There had been delays in reconciling inter-office vouchers (IOV) at United Nations Headquarters and at the United Nations Office at Geneva (UNOG), the Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Environment Programme (UNEP). Also, when the net balance of the IOV clearing account was shown, the financial statements did not disclose the full extent of pending inter-office transactions.

15. Turning to management issues, he said that the Board's review of major contracts entered into by the United Nations had revealed a number of deficiencies. The Board recommended that all major maintenance works should be planned sufficiently in advance to avoid exigency contracts, allowing adequate time for the approval process and for competitive bidding. It recommended that UNDP in particular should prepare a plan for its maintenance and operation work.

16. A number of procurement deficiencies had also been found in ESCAP, the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Office at Nairobi (UNON) and the United Nations Office for Project Services (UNOPS). Furthermore, all direct purchases by UNJSPF had been made through the miscellaneous obligating document procedure, which did not require competitive bidding. The Board recommended that the provisions of the Procurement Manual should be complied with and economies of scale obtained whenever possible. The new Procurement Manual should include guidelines on open tendering and specify the frequency with which the Supplier Review Committee should review the evaluation of potential suppliers.

17. The Board had noted a number of areas where programme management could be improved, for example in ITC, UNEP and UNHCR. Programme delivery by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) had ranged between 43 and 64 per cent, and the European Gaza Hospital had been completed with a cost overrun of $11.2 million, which had been funded from the General Fund; the hospital had still not been operational in December 1997.

18. There had also been a decline in the implementation level of the general resources programmes in UNICEF, time overruns in the projects of the United Nations Centre for Human Settlements (Habitat), and time lags between the operational and financial closure of projects in UNDP, UNFPA, UNEP and Habitat. The Board recommended that measures should be taken to correct those deficiencies and that a time-frame should be established for the financial closure of projects soon after their operational closure.

19. With respect to human resources management, the Board noted that a fully integrated career development system had not been established by June 1998. In the Economic Commission for Africa (ECA), only 20 per cent of staff members holding regular budget posts were engaged in programme activities, while 73 per cent worked in general administration and management and support services. While field office staff had increased substantially in UNFPA, the number of headquarters staff remained static.

20. A number of inadequacies in the hiring of consultants by the United Nations and the regional economic commissions had persisted (A/53/217, paras. 41–43). The Board recommended full compliance with the instructions on the engagement of consultants. While there had been some improvement in the United Nations University in the appointment of consultants from developing countries under institutional consultancy agreements, their representation under special service and personnel service agreements remained low. In the case of special service agreements, three developed countries accounted for 46 per cent of the total. In UNICEF, 40 per cent of payments under 57 special service agreements had been made without the required evaluation reports. The Board recommended that the established procedures for the evaluation of the performance of consultants should be fully complied with.

21. On the questions of capital asset funds and management of premises, the Board noted that in UNICEF funds earmarked for capital assets had been reprogrammed without the approval of the Executive Board and that there had been cost overruns ranging from 29 to 287 per cent of the contract price. The Advisory Committee had urged that the income from the United Nations University building at Headquarters should match expenditure on its maintenance and operation. That goal had not been achieved during the 1996–1997 biennium.

22. The Board had assessed the preparedness of United Nations organizations to manage the year 2000 issue; significant progress was still required in some cases. Since a number of organizations were relying on IMIS to make their information technology year 2000 compliant, IMIS must be implemented without delay. Furthermore, all data interfaces with systems which were not year 2000 compliant should receive attention.

23. UNOG and UNOV provided common services free of charge to some organizations, which thus had no incentive to moderate their demands. One particular source of concern at UNOG was that 31 per cent of documents had been distributed after the corresponding meetings had concluded. In UNJSPF at Headquarters and at UNOG there was a need for cashier and other functions to be reorganized so as to facilitate sound internal checks. UNEP had signed an agreement with the European Space Agency in November 1994 without establishing how the Mercure satellite communications project would relate to the United Nations global network and without formal authority to sign agreements on behalf of the United Nations. UNEP had still not benefited from the project two years after the expected date of completion and an investment of more than $6 million. The Board recommended an urgent review of the project, and the Advisory Committee had recommended that the Secretariat should be involved in the review and that the results of the review should be submitted to the General Assembly at its fifty-fourth session.

24. The Board had been provided with information about 111 cases of fraud or presumptive fraud involving eight organizations. Approximately $549,098 of the $2,765,756

involved had been recovered; disciplinary measures had been taken against some staff members and other cases were under investigation.

25. In its management review of the work of the International Civil Service Commission (ICSC) (A/52/811), the Board had found: that the ICSC secretariat, in assessing the competitiveness of common system salaries for the Professional category and above, had not included health and pension benefits in its comparisons; that salary margins at the higher level had been eroded and were sometimes negative, whereas at lower levels the margin had been around 130 in 1997; that existing salary structures tended to reward length of service and seniority rather than merit; and that there were frequent changes in the criteria for determining out-of-area weights for headquarters duty stations.

26. The Board had also found that the exclusion of important social benefits in the establishment of General Service salary structures was against the spirit of the Flemming principle, resulting in overcompensation at some duty stations and undercompensation at others. It considered that there had been slippages in the delivery schedules of assignments mandated by ICSC and the General Assembly, and that the variety of information systems existing within the organizations of the common system had prevented the ICSC secretariat from accurately computing the resource implications of any proposed change in rates of pay and allowances.

27. The Board recommended that the ICSC secretariat should: make proposals for the establishment of a total compensation methodology for assessing the competitiveness of common system salaries for Professional staff in relation to those of the comparator; review the use of the regression technique to avoid anomalies; establish a personnel database for the common system, including data on staff deployment and salary allowances; and introduce a computerized integrated management information system in coordination with the organizations of the common system with a view to improving current procedures for data collection, transmission and processing. The introduction of the computerized system should be preceded by the identification and quantification of savings in terms of reduced staff and other costs as a result of automation.

28. **Mr. Connor** (Under-Secretary-General for Management), introducing the Secretary-General's report on implementation of the recommendations of the Board of Auditors (A/53/335 and Add.1), said that it described implementing measures with regard to the 13 main recommendations and 16 other recommendations in the Board's report. The Secretary-General also responded to another 4 recommendations by the Board regarding earlier recommendations which had not been fully implemented.

29. In connection with the earlier recommendations, the Secretary-General had issued comprehensive guidelines for the use of consultants (A/53/385), together with reports on human resources management (A/53/342) and human resources management reform (A/53/414) setting out career development policy. The guidelines and the human resources reports would also be helpful in implementing the recommendation contained in paragraph 11 (h) of the Board's current report (A/53/5, vol. I, chap. II).

30. Other examples of a correlation between the Board's recommendations and the Administration's vision were the recommendations relating to year 2000 compliance (para. 11(m)) and various issues concerning the Integrated Management Information System (IMIS) (paras. 11(b), 11(c) and 215–218). Similarly, the Board's recommendations on payments by users of common services (para. 11(j)) and performance indicators for conference services (para. 11(k)) had resulted in those issues being raised in the context of the Organization-wide review of common services.

31. The Administration attached priority to timely and comprehensive implementation of each recommendation it concurred with. It would continue to study the recommendations contained in paragraphs 11 (a), 11 (l) and 98, whose feasibility was under review, and that in paragraph 23, the implementation of which was contingent on the availability of resources. Progress in implementation would be reported to the Board every six months.

32. The responses to recommendations submitted by the executive heads of organizations, funds and programmes, as contained in document A/53/335/Add.1, would also be considered by the respective governing bodies. Responsibility for the implementation of recommendations lay with the executive heads, although the Secretariat was ready to provide assistance and would follow up on progress when monitoring the delegation of authority to funds and programmes. The final recommendations presented by the Board were the outcome of a continuous process of review, assessment and consultation between the auditors and the management in all areas of administration.

33. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)) said that the Advisory Committee had considered a total of 20 reports, including the report of the Secretary-General on internal control standards. The report in document A/53/513 covered the work of ACABQ on 18 reports of the Board of Auditors and the related reports of the Secretary-General.

34. In accordance with financial regulation 12.11, the Board was required to transmit its reports together with the audited financial statements to the General Assembly through the Advisory Committee. The Advisory Committee was mandated to forward those reports and financial statements to the General Assembly with any comments it deemed appropriate. It had therefore never been its practice to comment on every report or finding of the Board. It paid particular attention to recommendations on which the administrations and the Board had differing positions and recommendations which it felt needed strengthening or clarification.

35. The timing of the submission of reports of the Board to ACABQ and of their subsequent publication for review by the General Assembly continued to be of serious concern. The Advisory Committee would discuss the question, along with the Board's workload and related resources, later in the year.

36. Some improvement had been made in the submission of the reports of the administrations on actions taken or to be taken to implement recommendations of the Board. However, to facilitate monitoring of the implementation of those recommendations, the positions of the administrations must be spelled out more clearly. The Advisory Committee had noted that the Board had continued to improve the quality of its reports but had not had time to review more extensively the implementation of the Board's recommendations.

37. The Board had placed great emphasis on the need for the various administrations to take urgent measures to ensure that technology systems in use were year 2000 compliant. The Advisory Committee endorsed that position and recommended that a consolidated report should be prepared and submitted to ACABQ in May 1999 in order to enable it to monitor implementation of changes required for system compliance. On the question of compliance with United Nations system accounting standards, ACABQ had concluded that there was a need for review of a number of standards and would discuss the question with members of the Panel of External Auditors early in December. Action was already under way in the Administrative Committee on Coordination (ACC).

38. Over the years the Board, ACABQ and the General Assembly had placed great emphasis on the efficiency of the procurement process in the United Nations and its funds and programmes. Although many reform measures had been introduced and implemented, their effectiveness had yet to be evaluated. Accordingly, the Advisory Committee recommended that in the next audit cycle, the Board should conduct a horizontal evaluation of the efficiency and effectiveness of procurement reforms implemented to date.

39. In its last report, the Advisory Committee had commented on the efficiency, accountability and auditing of activities of implementing partners which executed programmes on behalf of funding agencies. The Advisory Committee noted that measures had been taken to enhance accountability, but many shortcomings remained to be addressed. The Board and the Advisory Committee stressed the importance of effective corrective measures on the part of the various administrations.

40. Since the reports of the Board were submitted to the General Assembly, the Assembly had the authority to determine their frequency. Currently, all audit reports except those of UNHCR and UNITAR were submitted on a biennial basis. The Advisory Committee had recommended that the remaining annual audit reports should be submitted biennially. There were many advantages to that procedure. First, it would enable the administrations concerned to have more time to implement recommendations of the Board. Secondly, it was less costly. Thirdly, it allowed ACABQ and the General Assembly to have a complete overview of the administrative and operational efficiency of the United Nations and its funds and programmes. For example, it enabled the Advisory Committee to gain comparative knowledge and to make a comprehensive assessment of the activities audited by the Board.

41. The Advisory Committee was gratified that UNITAR had agreed to switch to biennial auditing and had not found the reasons for the apparent reluctance of UNHCR to make a similar switch convincing. Biennial audit reporting was not incompatible with annual budgets; it simply meant that the accounts were closed at the end of the second year rather than the first. Moreover, unaudited financial statements could still be issued to member States, as was done by the United Nations and other funds and programmes. The Committee had recommended that UNITAR should issue such statements once a year. Lastly, administrations which had biennial audited financial statements and accounts maintained continuous dialogue with the Board, which regularly submitted management and audit queries that must be dealt with promptly by the administrations. Under the circumstances, the Advisory Committee was of the view that there was no compelling reason for delaying the switch of the reporting on the audit of UNHCR from an annual to a biennial cycle.

42. Introducing the report of the Advisory Committee on internal control standards (A/53/508), he said that the Secretary-General had submitted his report directly to the General Assembly on his own initiative, although during the fifty-second session he (Mr. Mselle) had recommended that the report should be examined by ACABQ. The Advisory

Committee had exchanged views with members of the Audit Operations Committee and had heard testimony from the Under-Secretary-General for Management. For the reasons set out in paragraph 6 of its report, the Advisory Committee had concluded that it was not advisable to amend article X of the Financial Regulations of the United Nations, as proposed by the Secretary-General. ACABQ supported the guidelines but felt that they should be used by the Secretariat as guidelines in the formulation and improvement of specific internal control instruments of the United Nations.

43. Finally, among the subjects ACABQ would discuss with the Panel of External Auditors was the applicability to United Nations organizations of the Guidelines for Internal Control Standards approved by the International Organization of Supreme Audit Institutions.

Agenda item 144: Report of the Secretary-General on the activities of the Office of Internal Oversight Services *(continued)* (A/51/432, 530 and Corr.1 and 801; A/52/426 and 464; A/53/428)

44. **Mr. Abdullah** (Bahrain) said that the Office of Internal Oversight Services was playing an outstandingly important role in introducing new mechanisms into the work of the Organization, which were much needed by the Secretariat in its monitoring and administrative activities. His delegation had two brief observations to make, the first of which concerned the OIOS proposal on reduction of the staff of the Office to Combat Desertification and Drought. His delegation considered that the current staffing level was below what was required and should remain unchanged because of the political situation, which remained sensitive. The second observation concerned the excess payments of mission subsistence allowance to the Iraq-Kuwait Observation Mission. Although a large portion of the excess payments would not be recoverable, whatever could be reclaimed should be retrieved without delay.

45. **Ms. Silot Bravo** (Cuba) reiterated her delegation’s interest in the review of General Assembly resolution 48/218 B and drew attention to her statement on that topic made at the 25th meeting of the Committee.

46. **Mr. Sial** (Pakistan), referring to the OIOS comments on staffing levels, said that he would be interested to learn more about the mechanisms OIOS used when making such recommendations. He had noted an apparent concentration of recommendations in some areas while none were offered in others, as illustrated by the table on page 11 of the current report (A/53/428, annex). It appeared that the functions of OIOS were not evenly balanced and that a selective approach was being taken to the application of resolution 48/218 B.

47. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), replying to the Syrian Arab Republic and a number of other delegations on the question of the streamlining of the administrative structure of the United Nations Sudano-Sahelian Office (UNSO), said that the OIOS recommendations had been based on the results of an audit analysis which had indicated that there was room for more efficiency and synergy and a modest staff reduction. Many delegations had expressed the view that, because the political situation in the region was sensitive, the staffing of that Office should not be changed. He emphasized that the recommendation had been based solely on management and efficiency criteria and that the Administration would, of course, take the political situation and the views of Member States into account when making its final decision. The issue of mission subsistence allowance payments in the United Nations Iraq-Kuwait Observation Mission (UNIKOM) was currently under review with all the relevant entities of the Secretariat; he would report further after a management decision had been taken.

48. In reply to the representative of Cuba, he explained that the mandate of his Office required him to examine the adequacy of staff resources. The comments on staffing levels should not be taken as a request for additional resources but rather as a means of bringing his views on staffing levels to the attention of management. The reference to the Montreux conference had been made simply in passing, by way of illustration.

49. With regard to the situation of the funds and programmes, he said that senior management had initiated a dialogue with OIOS on ways to improve internal oversight. The topic of recommendations requiring legislative action would be addressed in the discussions on the review of OIOS. It should be possible to devise practical procedures to facilitate that review.

50. **Mr. Sulaiman** (Syrian Arab Republic) said that his question concerning the Office to Combat Desertification and Drought had been about the reduction in staff, not about streamlining, and related specifically to the basis on which the Under-Secretary-General had made his proposal for a reduction. His delegation had not received an answer to that question. With reference to paragraph 82 of the current report of OIOS (A/53/428, annex), he asked what was meant by the reference to a duty station in Israel. With regard to paragraph 143 of the same document, he asked whether the General Assembly would receive further information on the inquiries before they were concluded.

51. His delegation wished to comment on the statement by the representative of the United States of America concerning

a meeting that had taken place outside the framework of the United Nations and had resulted in the cancellation of a meeting of the Fifth Committee. It asked representatives to restrict their observations to documents that had been submitted to the Committee. The assessment of the role of OIOS was being made in the light of resolution 48/218 B, and his delegation would not take into consideration any meeting or consultation held outside the framework of the United Nations and would not follow any recommendations or conclusions arising from such meeting or consultation.

52. Questions and answers concerning OIOS were necessary because the process of assessing the Office was an important means of strengthening its role. He referred to several instances in which the Office had exceeded its role as specified in resolution 48/218 B. Accordingly, his delegation considered that the review process was a highly important means of adjusting the focus of the work of OIOS and would play an effective part in the success of the assessment process during the subsequent informal consultations.

53. **Ms. Silot Bravo** (Cuba) said that her delegation welcomed the recognition by the Under-Secretary-General for Internal Oversight Services of the need to draw a distinction between recommendations falling within the competence of OIOS and recommendations requiring legislative action.

54. The comment by the Under-Secretary-General that he was required to indicate the adequacy of the resources available to the Office did not justify the requests for posts. Specifically, the request for a regular budget post to replace an individual provided gratis to handle the system of regular compliance monitoring was inappropriate, since there was established machinery for such situations. Similarly, the request for additional posts for the Audit and Management Consulting Division must be considered in the context of the programme budget.

55. The references in the current report on the activities of OIOS (A/53/428, annex) to a conference held at Montreux were inappropriate, as the conference had not been a mandated intergovernmental meeting. Any effort to use the findings of that conference would prejudge debate in intergovernmental forums. Only the findings of mandated intergovernmental forums could be considered.

56. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), responding to the representative of the Syrian Arab Republic, said that while the audit of the rental subsidy scheme in Israel had not found inappropriate payments, excessive rental subsidy payments could have been avoided had a maximum rental level been established. Accordingly, OIOS was recommending consolidation of the two rental schemes at Headquarters and in Israel to ensure equitable treatment of the staff members concerned and to simplify administrative procedures. As for streamlining, it was sometimes synonymous with post reduction, and in that connection he referred the representative of the Syrian Arab Republic to comments he had made earlier. He had also commented already on the appropriateness of mentioning an ongoing investigation in the annual report. The reference in question was inoffensive and would not prejudice due process for the staff members concerned. It had been included because he was required to report on all matters that absorbed a considerable percentage of his Office’s resources. He would be happy to brief the representative of the Syrian Arab Republic if further information was desired. Responding to the representative of Cuba, he said that every effort would be made in the future to avoid the inclusion in the report of material considered inappropriate for consideration by the Fifth Committee.

57. **Mr. Schlesinger** (Austria), speaking on behalf of the European Union, said that it was the duty of OIOS to enhance the efficiency and cost-effectiveness of the Organization. Making recommendations on streamlining administrative structures, including on post reductions, was therefore within its purview. While there was no doubt that it was for Member States to take the final decision, the European Union believed that it was entirely appropriate for OIOS to make recommendations on such matters.

58. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation had some further remarks to make but would keep them for the informal consultations. It agreed with the preceding speaker that OIOS could make whatever recommendations it wished, provided that they were not implemented without the approval of the General Assembly. That question was connected with the earlier discussions as to whether the Office made its recommendations for the information of the Assembly or for its approval and whether, if there was any subsequent objection, it might be said that the Fifth Committee had taken note of the report of the Office. His delegation was therefore anticipating matters; many of the recommendations would be implemented without their being approved by the General Assembly, and for that reason the matter had to be raised in the interests of clarity.

59. **Mr. Jaremczuk** (Poland) said that his delegation fully supported the views expressed by the representative of Austria on behalf of the European Union.

60. **Mr. Moktefi** (Algeria) said that the mandate of OIOS was clear and specific and that it was for the General Assembly to take decisions on all recommendations.

61. **Mr. Schlesinger** (Austria) said that he wished to emphasize that OIOS recommendations on post reductions would need General Assembly approval, but that was not true of all OIOS recommendations.

The meeting rose at 11.55 a.m.