



# General Assembly

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## **Fifty-third session**

Agenda items 112 and 119

### **Review of the efficiency of the administrative and financial functioning of the United Nations**

#### **Human resources management**

## **Management irregularities causing financial losses to the Organization**

### **Report of the Advisory Committee on Administrative and Budgetary Questions**

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on management irregularities causing financial losses to the Organization (A/53/849). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General who provided additional information. The Committee also had before it the report of the Secretary-General on actions taken against staff resulting from findings of malpractice discovered by the Board of Auditors (A/52/864).

2. By its decision 51/469 B, the General Assembly requested the Secretary-General to submit to it at its fifty-third session a report on the follow-up of management irregularities causing financial losses to the Organization, as indicated by the Office of Internal Oversight Services.

3. The report of the Secretary-General provides an overview of the meaning of management irregularities causing financial losses to the Organization, distinguishes between the different categories of such irregularities and sets out the applicable procedures for disciplinary actions and recovery.

4. In the opinion of the Advisory Committee, the document is a preliminary report. For example, it does not show clearly what developments have taken place since 1994, when the

report on the comprehensive overview by the Secretariat of alleged cases of fraud in the United Nations: study of the possibility of the establishment of a new jurisdictional and procedural mechanism or of the extension of mandates and improvement of the functioning of existing jurisdictional and procedural mechanisms (A/AC.243/1994/L.3) was issued. In this connection, the Committee draws the attention of the General Assembly to the report of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A (A/49/418).

5. Further, the Advisory Committee notes from paragraph 8 of the report of the Secretary-General (A/53/849) that procedures have yet to be established for determining whether there is gross negligence in a specific instance and what financial responsibility, if any, should be incurred by those who have committed such negligence. Moreover, the report is not drafted in a manner that would facilitate a course of action by the General Assembly. Under the circumstances, the Committee recommends that a more detailed report be prepared by the Secretariat to be submitted to the Assembly through the Committee. This report should include procedures for determining gross negligence and the financial

responsibility to be incurred by those who have committed such negligence.

6. The Advisory Committee notes from paragraph 2 of the report that all staff, whether they discharge managerial functions or not, are subject to staff regulation 10.2, which provides for disciplinary measures that may be taken in cases of misconduct, as well as staff rule 112.3 and financial rule 114.1, which provide the statutory regime for the recovery of financial losses caused to the Organization.

7. With regard to staff rule 112.3, the Advisory Committee notes that any staff member may be required to reimburse the United Nations for any financial loss suffered by the United Nations as a result of the staff member's negligence. However, as indicated in paragraph 8 of the report of the Secretary-General, it is in instances where the losses result from gross negligence that disciplinary action may be taken, in addition to efforts to obtain recovery of such losses. As noted in paragraph 5 above, procedures for determining the existence of gross negligence have yet to be established. In paragraphs 5 to 7 of the report, the Secretary-General indicates the reasons why recovery is not sought for financial losses resulting from mistakes.

8. Procedures for disciplinary action are discussed in paragraphs 10 to 12 of the report. The Advisory Committee notes from paragraph 12 that disciplinary measures include written censure, loss of one or more steps-in-grade, deferment for a specified period of within-grade increment, suspension without pay, fine, demotion, separation from service, with or without notice or compensation in lieu thereof, and summary dismissal.

9. In paragraphs 13 to 16 of the report, the Secretary-General discusses procedures applied to recover losses from the staff members concerned. The Advisory Committee notes from paragraphs 15 and 16 of the report that in cases where the amounts recovered from accrued salary and other emoluments are insufficient to compensate the United Nations fully for losses resulting from wrongdoing of staff, the Organization has no other internal means for obtaining a full recovery of the residual indebtedness from the staff member concerned and that there are limitations to referring such cases to national authorities in order to recover the full amount. In this connection, the Committee recalls paragraph 53 of its report of 7 October 1992 (A/47/500) and requests the Secretary-General to provide detailed information on the steps taken.

10. In the view of the Advisory Committee, the Secretary-General also needs to take further preventive measures to identify the risk factors that expose the Organization to management irregularities so that improvements in internal

control and accountability can be instituted. A discussion of this aspect should be included in the next report of the Secretary-General.

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