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Chairman: Mr. SENGWE (Zimbabwe)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions : Mr. MSELLE

CONTENTS

AGENDA ITEM 111 : FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND
REPORTS OF THE BOARD OF AUDITORS (continued)

AGENDA ITEM 117 : ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED
NATIONS WITH THE SPECIALIZED INSTITUTIONS AND THE INTERNATIONAL ATOMIC ENERGY
AGENCY

AGENDA ITEM 140 : ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE
UNITED NATIONS PEACEKEEPING OPERATIONS

AGENDA ITEM 120 : HUMAN RESOURCES MANAGEMENT (continued)

AGENDA ITEM 141 : REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE
OFFICE OF INTERNAL OVERSIGHT SERVICES (continued)

ORGANIZATION OF WORK

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The meeting is called to order at 10.10 a.m.

AGENDA ITEM 111 : FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/49/368, A/49/943, A/49/585, A/51/5 (Vols. I to IV), A/51/5/Add.1 to 10, A/51/283, A/51/488 and Add.1, A/51/523 and A/51/533; A/C.5/50/51)

1. Mr. SHIN (Republic of Korea) said that it was discouraging to note the persistence of many of the weaknesses and irregularities connected with procurement in the United Nations and its funds and programmes identified by the Board of Auditors in its previous reports. The recommendation that all procurements above \$200,000 should be by open tender had rarely been implemented. In addition, 57 per cent of contracts involving United Nations Headquarters had been reviewed by the Committee on Contracts partly or wholly ex post facto. Letters of assist were not administered in accordance with the Organization's rules and procedures and, for lack of planning, goods were procured on a piecemeal basis and the competitive-bidding procedures left much to be desired. It was therefore necessary, as the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had suggested, for the Organization to give top priority to the reform of procurement.

2. With regard to the liquidation of peacekeeping operations, the transfer of property from a liquidating mission to continuing mission should be preceded by an adequate assessment of the needs, in order to avoid the transfer of unserviceable property at additional costs to the Organization. In that connection, improved inventory management would reduce expenditures on freight and maintenance in the operational area.

3. It was disconcerting that nearly 80 per cent of the consultants engaged by Headquarters came from 12 developed countries and that 47 per cent of all contracts awarded by the Department for Development Support and Management Services in 1994 had gone to consultants from four countries. As the Board of Auditors had recommended, appropriate standards had to be established for the selection of consultants, who must be recruited from a broader geographical base. In view of the large financial implications of the question, the Secretariat should submit regular reports to the General Assembly, through ACABQ, on the engagement of consultants.

4. Turning to the issue of staff accountability, he said that the Secretariat should give priority to measures which would supply satisfactory remedies in the event of irregularities in programme management and implementation. Furthermore, emphasis must be given to the need to ensure that staff training activities were designed not only to teach the persons concerned about United Nations procedures but also to enhance their sense of responsibility.

5. His delegation agreed with ACABQ that, until the General Assembly decided otherwise, assessed contributions remained collectable regardless of the length of the period of arrears. It endorsed most of the recommendations of the Board of Auditors and urged the Secretary-General to take the necessary action for their implementation.

6. Mr. PREMPEH (Chairman of the United Nations Board of Auditors), responding to the questions put and observations made during the discussion, noted that, in

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the opinion of all delegations, the Secretariat and the managers of the various funds and programmes should redouble their efforts to put an end to the irregularities to which the Board had repeatedly drawn attention. During the biennium 1996-1997 the Board would evaluate the action taken by the various bodies to implement its recommendations and, in the reports which would be drawn up on the basis of that exercise, it would devote a separate section to cases of recurring malpractice or irregularity in which its recommendations had not been carried out.

7. With regard to the recruitment of consultants the Board believed that a fair balance must be struck between the criteria of efficiency and competence and the need to broaden the geographical representation. The selection process would be more transparent and equitable when the Administration resumed the practice of keeping updated rosters, arranged by occupational grouping and technical expertise and indicating nationality and frequency of engagement, and when it ceased to recruit on the basis of consideration of only one candidate.

8. The Board noted that delegations supported its recommendation that the Secretary-General should give more attention to the liquidation of peacekeeping missions and ensure that the corresponding tasks were carried out expeditiously and within a specified time-frame in order to avoid waste of resources.

9. The Board had also taken note of the request for it to carry out a follow-up audit on the administration of letters of assist. It would also follow up its recommendation concerning the construction contracts issued by the United Nations Development Programme (UNDP) and would report back to the General Assembly.

10. On the subject of fraud and presumptive fraud the Board confirmed that the 148 cases mentioned in its report represented a total of \$3.171 million and concerned six organizations and staff members as well as non-staff members.

11. The Board considered that, if the financial statements for peacekeeping operations were to reflect the financial position accurately, the assessed contributions which Member States intended not to honour and which had been outstanding for a long time should not be treated as receivables likely to be realized in the short term. However, it concurred with the Advisory Committee that, until the General Assembly decided otherwise, all assessed contributions remained collectable.

12. The Board was determined to cooperate more closely with the Office of Internal Oversight Services (OIOS) and the Joint Inspection Unit (JIU). It was holding ad hoc meetings with JIU and organizing its work while keeping in mind the Unit's work plan. The Board and JIU also exchanged advance copies of their reports to the General Assembly. Finally, tripartite meetings of the three bodies - the Board, JIU and OIOS - were planned with a view to strengthening coordination between the oversight bodies.

13. With regard to the staffing of the Audit and Management Consulting Division, the Board was of the opinion that such decisions should be taken by the General Assembly, taking into account the opinions expressed by the Secretariat on that question.

14. The Board would continue to study the procurement systems of the United Nations and of the funds and programmes and would make appropriate recommendations for their improvement. Recalling that the General Assembly had requested it to present its comments on all the final reports of OIOS, he said that the Board intended to comply with that request where appropriate. Finally, it trusted that the Administration of the United Nations Children's Fund (UNICEF) would take steps to implement its recommendations with a view to enhancing efficiency and effectiveness.

15. Mr. NIWA (United Nations Development Programme) said that the analyses and conclusions presented by the Board of Auditors, especially the horizontal audits, had been very useful to the United Nations Development Programme (UNDP) and pointed out that the Initiative for change, launched in 1994 to reinforce its management capabilities, had taken the Board's recommendations into account.

16. The auditors had qualified the opinion on account of outstanding audit certificates for national execution expenditures. UNDP had brought that situation to the attention of recipient Governments on repeated occasions and had taken several steps to correct the situation. A long-term audit plan had been established to ensure that sufficient audit evidence was achieved for nationally-executed projects. However, because of the significant increase in nationally-executed projects, the current strategy for obtaining audit certificates no longer offered sufficient guarantees, and UNDP had therefore decided to review its strategy for the auditing of nationally-executed projects, in cooperation with the Board. It intended to propose a revision to the relevant financial regulations in the second quarter of 1997.

17. Pursuant to the Board's recommendations, in mid-1997 the Executive Board of UNDP would consider a policy document on national execution which contained a new definition of objectives and strategies. Revised guidelines and procedures would be issued and a monitoring and evaluation system, taking into account the lessons learned, would be put in place. With regard to strengthening the assessment of the capacities of recipient Governments, revised guidelines would identify gaps, with a view to establishing new standards of capacity. UNDP support for projects would address such problems.

18. Fully aware of the seriousness of the situation concerning the Reserve for Field Accommodation, UNDP had taken steps to correct problems as soon as they were identified. In that connection, he expressed appreciation to the Board for its efforts to assist the Programme. UNDP would continue to keep its Executive Board informed of the steps taken to strengthen monitoring of the management of that Reserve. The results of the in-depth investigation of accountability, part of which consisted of a review of the validity of contractual obligations, with the assistance of the United Nations Office of Legal Affairs, would be reviewed by a special advisory committee established for that purpose. The corrective action taken as a result would be reported to the Executive Board of UNDP and to the General Assembly, through ACABQ.

19. With regard to the strengthening of internal audits, he pointed out that, despite the budget cuts approved for the biennium 1996-1997, staff in the Division for Audit and Management Review had not been reduced; on the contrary, significant additional resources had been allocated to it for the contracting of audits by major international audit firms in order to expand audit coverage.

The Initiatives for change also contained measures aimed at reinforcing internal controls. Most of the recommendations of the Board of Auditors were being implemented. Staffing levels would be reviewed within the context of the changed management process and the overall budget strategy for the following biennium.

20. Mr. ANDO (United Nations Population Fund) stated that the Board of Auditors had qualified its audit opinion on the financial statements provided by the United Nations Population Fund (UNFPA). That qualification stemmed from the failure of executing agencies to submit the required annual audit reports in a timely manner.

21. UNFPA had taken several initiatives to address that issue. The UNFPA Internal Audit Section had completed an in-depth review of project audit requirements, and its findings and recommendations would be used to revise financial rules and procedures and institute improved monitoring and follow-up by executing agencies. That system should be operational by mid-1997.

22. UNFPA had also initiated a thematic evaluation of execution modalities which would assess the effectiveness of the various types of executing agencies and their managerial and technical competence. That evaluation, which would be completed in early 1997, should provide criteria for capacity assessments and capacity-building. It should also be a first step in addressing the question raised by ACABQ in paragraph 107 of its report.

23. Finally, UNFPA had started the process of revising its national execution guidelines to address the findings of the Board of Auditors, especially with regard to the need for a more systematic approach in meeting national execution requirements and helping Governments to achieve self-sufficiency. In addition, due attention would be paid to the related issues of improved oversight, streamlined reporting formats and the inclusion of detailed work plans in project documents.

24. In that context, UNFPA agreed with the Board's recommendation that field office capacity must be assessed in view of the increased workload associated with national execution, but stressed that the efforts of individual funds and programmes could only go so far. That was why UNFPA had suggested that a global assessment of national execution and the setting of strategy targets should be carried out in the context of the United Nations development system. He therefore welcomed the suggestion from ACABQ that the executive heads of the funds and programmes should, preferably in the context of the Administrative Committee on Coordination, seek to develop a coordinated strategy to address the shortcomings identified by the Board of Auditors.

25. He reassured ACABQ and the members of the Fifth Committee that the Executive Director of UNFPA gave very high priority to the findings and recommendations of the Board. In order to expedite the issuance of the revised policies and procedures which would facilitate the implementation of those recommendations, the executive Director had established a task force to complete the revision of all pending documents by mid-1997.

26. Ms. SHAM POO (United Nations Children's Fund (UNICEF)) said that UNICEF would continue to implement as promptly as possible the recommendations of the Board of Auditors and those of its own Internal Audit Office. Furthermore, UNICEF was continuing the dialogue which it had begun with its Executive Board, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Board of Auditors with regard to the programme for the improvement of its management methods.

27. With regard to the staff members of the UNICEF Kenya office whose fraudulent activities had been discovered during a routine internal audit in 1994, UNICEF was following the matter very closely and informing its Executive Board regularly of developments. The management of the Kenya country office was completing the implementation of the recommendations made as a result of the follow-up review carried out in September 1996. Sound internal control mechanisms were now in place, but had yet to be put to the test. The office's programme had been revised and highly productive meetings had been held with the participation of the local authorities and interested donors. Regrettably, it had been necessary to summarily dismiss 33 staff members and the matter had been brought to the attention of the Kenyan authorities, which had been most cooperative. The first court appearance had taken place in October 1996. Should such a situation recur, UNICEF would again request the authorities of the country concerned to initiate legal proceedings, and it was to be hoped that other United Nations bodies should act in a similar fashion.

28. The total amount of cash assistance to Governments, which had reached \$120.1 million at the close of the previous biennium, had been reduced to \$83 million at mid-1996. Representatives and regional directors of UNICEF had been informed that the Controller was to carry out an analysis of cash assistance for which reimbursement was more than nine months overdue, in order to be able to indicate to the Executive Director those field offices whose authority in that respect should be suspended, and they had been invited to make every effort to ensure that there were no grounds for recourse to those sanctions. Efforts in that area would continue and should yield tangible results by the close of the current biennium.

29. Mr. MBAIDJOL (Office of the United Nations High Commissioner for Refugees (UNHCR)) said that the Standing Committee of UNHCR, which met four times each year, systematically examined audit issues, which were included as specific items in its agenda.

30. With regard to budget variance, ACABQ had stated in its report (A/51/533) that the environment in which UNHCR operated contributed largely to differences between initial and actual budgets, especially as they related to special programmes.

31. As far as audit certification was concerned, the auditing of the accounts of UNHCR implementing partners had been discussed at the 4th meeting of the Standing Committee. The UNHCR paper on the subject (A/52/533, annex) had been forwarded to the Office of Internal Oversight Services, the Board of Auditors and ACABQ, which had welcomed the measures proposed therein. UNHCR was continuing to discuss those measures with the Board of Auditors, with a view to reaching a mutually satisfactory arrangement, and was seeking to determine

whether non-governmental organizations would be able to comply with the criteria envisaged.

32. With respect to the Lysol procurement, it was unfair and inaccurate to claim, as the Secretary-General had again done in document A/51/283, that the loss incurred amounted to some \$3 million: that figure was in fact the sum spent by UNHCR. The Standing Committee had considered and accepted the following explanations: it was the local authorities which had requested that the disinfectant should be provided, at a time when the public health situation had been a cause of great concern, only to refuse delivery subsequently on the pretext that the product was dangerous, but without producing evidence to support that claim. Their refusal could only be explained by political factors. UNHCR had immediately notified the donor concerned, the European Commission, and had drawn the matter to the attention of the Court of Auditors of the European Communities, which had concluded that the problem was indeed linked to the political context and decisions outside the control of UNHCR. The purchase had been made in exceptional circumstances and there was no reason to state that the problem might recur because of shortcomings in the procedures followed by UNHCR with regard to its bulk purchases.

33. With regard to the deficiencies cited in the areas of sub-agreements, and programme planning, monitoring and evaluation, UNHCR had informed the Board of Auditors that standard indicators and monitoring tools would be developed to allow for more accurate monitoring of objectives.

34. Training of internationally recruited professional staff was ongoing and a handbook for the use of implementing partners had recently been published. UNHCR supported the recommendation that, in future, the Audit and Management Consulting Division should conduct more frequent and extensive audits of UNHCR operations.

AGENDA ITEM 117 : ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED INSTITUTIONS AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (A/51/505 and A/51/523)

35. The CHAIRMAN suggested that the Committee should recommend to the General Assembly that it should take note of the statistical report by the Administrative Committee on Coordination (A/51/505) and the Secretary-General's report on accounting standards (A/52/523).

36. It was so decided.

37. The CHAIRMAN said that the Committee had thus completed its consideration of the agenda item and requested the Rapporteur to report directly thereon to the General Assembly.

AGENDA ITEM 140 : ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACEKEEPING OPERATIONS (A/48/622 and 912; A/49/654, 906 and Corr.1 and 936; A/50/684, 797, 907, 965, 976, 983, 985, 995, 1009 and 1012; A/51/389 and 646; A/C.5/50/51; A/C.5/51/8)

38. Mr. MAHUGU (Kenya) expressed concern at the financial difficulties facing peacekeeping operations and observed that troop-contributing countries were

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forced to bear the cost because certain Member States were not honouring their obligations. He fully endorsed the ACABQ report on reform of the procedures for determining reimbursement to Member States for contingent-owned equipment (A/51/646). In particular, he considered that the term "Contribution Agreement", which implied that approval at the national level was required and therefore caused certain difficulties, should be replaced by the words "Memorandum of Understanding".

39. Kenya, as a troop-contributing country, had grave reservations with regard to the existing insurance arrangements for troops. The principle of equal treatment of Member States was not respected and the preparation of claims was a lengthy and complex process. Among the options presented by the Secretary-General at the request of the General Assembly in its resolution 49/233, option 2 seemed to be the best, since it would enable the administrative arrangements to be simplified and the settlement of claims expedited, the procedure being initiated in the filed on the basis of accident reports, board of inquiry reports and Provost Marshal investigations.

40. His delegation was concerned at the increased use of gratis military officers. He noted that they came exclusively from certain regions and that they were concentrated in strategic sectors of the Department of Peacekeeping Operations. Their influence on political matters in the Department could not be underestimated, and Kenya therefore urged that their number should be reduced, that the principle of equal geographical distribution should be applied to them, and that they should be held accountable in their assignments.

41. Mr. CHAUDHARY (Nepal) said that in view of the resolutions which had already been adopted and the reports which had already been submitted, he would have thought that the General Assembly would be in a position to take a decision at the current session on the question of death and disability benefits for contingent troops. Given the importance of the subject, it was regrettable that such was not the case. In his report (A/50/1009), the Secretary-General raised the possibility of developing a viable commercial policy to cover accidental death and disability risks for contingent troops, but noted that insurers were only prepared to offer coverage because they believed the level of risk had fallen following the winding down of some major operations. As that perception was liable to change, it should be noted that the Advisory Committee's conclusion was that self-insurance would be more cost-effective in the long run.

42. In resolution 49/233, the General Assembly had decided that any system of compensation for death and disability should be based on the principle of equal treatment of Member States. The United Nations must ensure that that cardinal principle was observed at all costs. The other elements of the resolution, namely, the simplification of administrative arrangements and the speedy settlement of claims for compensation, were purely procedural matters, and as for the principle that compensation to the beneficiary should not be lower than the amount reimbursed by the United Nations, it was the responsibility of the Member States concerned to ensure it was observed.

43. The Advisory Committee believed that a uniform self-insurance scheme based on standard compensation rates would be the best long-term solution, and advice to the Secretary-General on the matter should be based on that opinion.

44. Mr. AYEWAH (Nigeria) said there were three reasons why he was concerned at the growing number - 115 on 30 September 1996 - of gratis military officers in the Department of Peacekeeping Operations. Firstly, by the nature of the functions assigned to them, those officers were required to travel frequently and the United Nations was responsible for their travel expenses and per diem allowances. It was therefore not true that they were "free of cost". Secondly, they held a large number of key positions with the Department: they were in the majority in the Field Administration and Logistics Division, the Planning Division, the Military Adviser's Office and the Situation Centre, and they were, in effect, decision makers. Thirdly, their presence could be perceived as a threat by other United Nations staff.

45. A thorough review of the situation was in order, as it seemed to negate the principle of geographical distribution insofar as only affluent States could afford to loan such officers. He recalled, moreover, that, in paragraph 13 of resolution 50/221 B, the General Assembly had requested the Secretary-General to submit a report on the issue, which had not yet been forthcoming.

46. He regretted that the General Assembly had not yet taken a decision on the question of death or invalidity benefits for contingent troops. The current arrangement was not satisfactory. The procedure was not only extremely slow, but also very cumbersome from an administrative point of view, since input from many different sources was required; worse still, Member States were not all dealt with on an equal footing. In fact, as the Secretary-General had observed in his report (A/49/906), a country's domestic legislation could allow reimbursement by the United Nations of an amount higher than the compensation an individual would have received for the same injuries sustained in service with national forces. In resolutions 49/233 and 50/223, the General Assembly had not only concentrated on simplifying administrative arrangements and speeding up the handling of claims, but had also reaffirmed the principle of equal treatment of all Member States. It was to be hoped that the issue would be resolved before the end of the current session.

47. He wished to express his concern over the delay in reimbursement for troops and contingent-owned equipment. While his Government had paid in full its assessed contributions to both the regular and the peacekeeping budgets for 1996, it had yet to be reimbursed in full for expenses it had incurred on behalf of the United Nations. He therefore wished to know if the Secretary-General was still using funds from peacekeeping operations to temporarily fund the regular budget, and how much had been "borrowed" in that way so far.

48. Mr. YEO (Department of Peacekeeping Operations) drew attention to the information document on the administrative and budgetary aspects of peacekeeping operations which had been circulated at the meeting, in which replies could be found to most of the questions put by speakers. A report on gratis military officers had been drafted by the Secretariat and would be circulated soon. On the question of death and invalidity benefits, the Secretariat had not ruled out the possibility of taking out commercial insurance, which was a viable option, despite its stated preference for the self-insurance scheme. The administrative procedures for compensation would be the same under the two systems, as pointed out in paragraph 31 of document A/51/646.

49. Ms. DUSCHNER (Canada), referring to section B of the document circulated at the meeting, which mentioned paragraphs 17 (b) and 18 of the Contribution Agreement (A/50/995), said that she would like to know if the Secretariat agreed with the Advisory Committee's other recommendations on the Agreement (A/51/646). In particular, she wished to have confirmation that, in accordance with article 6.4 of the Agreement, reimbursement covered the costs incurred by contingents for packing equipment and for reasonable time spent preparing for departure. She also pointed out that the phrase "provided that a mandate exists for the continuation of the operation for one year or more", proposed for inclusion in paragraph 18 of annex E of the Agreement (see A/51/646, para. 5), did not appear in the report of the Phase III Working Group (A/C.5/49/70). In that connection, she wished to know how many operations had had their mandate extended by the Security Council for one year or more.

50. Mr. CHAUDARY (Nepal), referring to the clarification offered by Mr. Yeo, said he did not consider the commercial insurance option as envisaged by the Secretariat as a viable option at the moment.

51. Mr. MOKTEFI (Algeria) wished to know whether the General Assembly or some other deliberative body had taken a decision on the question of the rapidly deployable mission headquarters mentioned in paragraph (d) of section A of the document circulated at the meeting. If not, his delegation thought it was premature to talk of the deployment of a body when no decision had yet been taken on setting up such a body.

52. Mr. DOSSAL (Department of Peacekeeping Operations) recalled that, in 1995, the General Assembly had approved the principle of a rapidly deployable mission headquarters and had asked the Secretary-General to submit a detailed proposal on the subject. The Secretary-General's report on the issue was currently being drafted. Roving finance officers were only a small part of that mechanism, and their role in the planned headquarters was outlined in paragraph (d) of section A of the document circulated at the meeting. However, the roving finance officers would not merely assist missions during the start-up phase, but would also offer support in crisis situations and a stop-gap solution when a position fell vacant.

53. Mr. ODAGA-JALOMAYO (Uganda) said that his delegation endorsed the statement made by the representative of Nigeria, in particular with respect to gratis military officers, and asked for the views of the Secretariat on that matter. Furthermore, his delegation was concerned about the management of peacekeeping assets, which had been addressed by the General Assembly in resolution 50/204 C. He drew attention to paragraph 30 of the report of ACABQ (A/50/985), which emphasized the importance of an accurate master inventory for the control of assets, and asked what steps the Secretariat had taken to set up such an inventory. He also asked whether the item codification project mentioned in paragraph 33 of the report was still being undertaken on a trial basis.

54. Mr. GRANT (United States of America) referring to the question of travel by gratis military officers, asked the Secretariat whether such travel had indeed been undertaken by Secretariat staff members. Some delegations appeared to be under the mistaken impression that gratis military officers had made journeys that were not absolutely necessary.

55. Mr. ODAGA-JALOMAYO (Uganda) said that his delegation wondered what was meant by the expression "gratis" if such military officers travelled at the expense of the United Nations.

56. M. SIAL (Pakistan) said that the document that had been distributed during the meeting did not answer the questions put by his delegation at the two previous meetings. He hoped that the Secretariat would provide the necessary replies at the following meeting.

AGENDA ITEM 120 : HUMAN RESOURCES MANAGEMENT (continued) (A/50/7/Add.8; A/C.5/49/13 and A/C.5/49/60 and Add.1 and 2 and Add.2/Corr.1; A/C.5/50/2 and Add.1; A/C.6/51/7)

57. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the proposals for the reform of the internal system of justice had been presented to the General Assembly in several reports by the Secretary-General and had been discussed by the Committee during the previous two sessions of the Assembly. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had also presented its observations during the fiftieth session (A/50/7/Add.8). The Sixth Committee had communicated its views to the President of the General Assembly (A/C.6/51/7), who had transmitted them to the Fifth Committee.

58. Reviewing the background to the question, he said that the reform had been under preparation for several years and that the basic concepts of the proposed system, including binding arbitration, had been submitted to the General Assembly in 1994. The proposed reform was an integral part of the Secretary-General's efforts toward the development of a management environment conducive to staff effectiveness and efficiency, efforts which had been supported by the General Assembly in resolution 49/222 A.

59. He noted that there had been support in the Sixth Committee for the measures which would encourage an early resolution of disputes and for the addition of a Legal Officer to the Panel of Counsel. He regretted, however, that the centrepiece of the proposal, namely the professionalization of the appeal and disciplinary system, had not found favour with that Committee. The Secretariat had taken note of the fact that some delegations had proposed a deferral of the reform for reflection and further consultation with the staff.

60. Given the comments made in the Fifth and the Sixth Committees, and the observations of ACABQ, the Administrative Tribunal and the staff representatives, it seemed that what was now needed was a balanced package of measures which would improve and streamline the system while preserving the joint nature of the process.

61. Practical considerations also had to be taken into account. The cost of the new proposals was counterbalanced by the fact that a large number of individual staff members (91 in New York and about double that figure worldwide) would no longer have to spend a considerable amount of time away from their regular duties. A means would have to be found to make the system run more smoothly without undue disruption to the delivery of programmes mandated by the General Assembly. The entire question of arbitration would have to be rethought and fresh proposals would have to be prepared consisting of elements that would

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work together and reinforce one another. The proposals would be elaborated in full consultation with the staff representatives, who were an essential part of the process.

62. Meanwhile, the Secretariat would continue to make modest reforms that did not involve additional cost. Already, the scope of conciliation in the Joint Appeals Board had been expanded, and a simplified expeditious "small claims" procedure had been introduced to process claims for a value of less than \$1,500.

63. Ms. WATERS (President of the Staff Union of the United Nations Secretariat) reaffirmed that the staff of the Secretariat accepted and respected the authority of the Secretary-General and stood ready to contribute in the implementation of the measures mandated by the General Assembly to deal with the financial crisis of the Organization. The daily work of the staff put them in a position to evaluate the positive and negative aspects of efficiency measures and to ensure that they were realistic and on target. Senior officials in the Administration sometimes mistook those efforts and labelled them co-management, whereas the guiding principle of staff action was the belief that there were many areas where increased efficiency was possible.

64. In response to criticisms that had been made to the effect that members of the Staff Union were having difficulty in adjusting to changing circumstances, she drew the attention of the Committee to measures recently taken by the Staff Union. A process of self-assessment and revitalization had been undertaken and the Statute of the Staff Union was being rewritten; an Arbitration Committee had been established; subsidiary bodies had been restructured and were providing research on issues such as "rightsizing" and current market trends with respect to remuneration and the long-term implications of the reforms for the international civil service; staff representatives received training in conflict resolution and modern labour practices; and a documents distribution system, separate from that of the Office of Conference and Support Services, had even been created. Those initiatives showed that the Staff Union was by no means an ageing framework resistant to change.

65. During the redeployment exercise, the Staff Union had conveyed information to the staff affected in order to relieve the burden on the Office of Human Resources Management. It had identified staff members who wished to be redeployed and had established a job outplacement service, jointly with management. However, the Staff Union challenged the legality of administrative instruction ST/AI/415, which it saw as violating Staff Rule 109.1, and, with the agreement of the Administration, had referred the matter to the Administrative Tribunal. Despite the far-reaching importance of the case for all staff, the litigation process had been delayed by the Office of Legal Affairs, which had recently been granted an extension to file its reply.

66. It was claimed that the administrative instruction had been drawn up with staff consultation. The reality was quite different. The document had been presented to staff representatives at a three-day session of the Staff Management Coordination Committee (SMCC). In addition, the staff representatives had not been permitted to bring advisers to the session. After an in-depth review of the document by the staff representatives and their legal advisers, there had been a groundswell of rejection by the staff at large. For several months, the staff had sought to amend the document within the framework

of consultations with the Department of Administration and Management, but that body had made only minor changes.

67. The staff remained convinced that with minimal investment in training, every individual on the redeployment list could be placed. While accepting the inevitability of downsizing, the Staff Union maintained that that should be accomplished through attrition and efficiency and with complete respect for the Staff Rules and Regulations. She noted with disappointment that, while the Secretary-General had used his discretionary authority to grant exemptions to the recruitment freeze, nothing was being done to protect the careers of the civil servants on the redeployment list.

68. The Staff Union was concerned that parts of the Administrative Instruction in question had already been included in the Staff Rules and Regulations in the form of amendments to rules on special leave and termination indemnity. It was important for the staff to be assured that further redeployment would be undertaken with thorough staff-management consultation at all levels, after a review of the exercise now nearing completion.

69. The Union was deeply concerned that the 1998-1999 budget process was beginning with the predetermined goal of eliminating 1,000 posts and maintaining the 6.4 per cent vacancy rate. That reduction would severely curtail programme delivery in many substantive areas.

70. While welcoming the global approach to the Secretariat, the staff feared the decentralization of authority to managers who had been labelled by their own administration as needing improvement and training. Management training was provided at considerable expense to the Organization. Everyone had the right to expect improvements in return and evaluations should be conducted among the managers's staff to determine if any new concepts were put into effect in the office environment. Where no improvements had been made, penalties, including demotion and termination, should be applied.

71. The Office of Human Resources Management had a great deal of responsibility, but very little power. Staff were too frequently at the mercy of departments which retained much control over posts, placement and promotion, training and the use of consultants. There was a need to put an end to nepotism and provide the Office with the necessary tools to perform its monitoring functions effectively.

72. The United Nations was not a commercial enterprise, and its success should not be judged on the basis of financial profit. The staff believed, as did many members of the Committee, that the performance appraisal system was better suited to the private sector than the United Nations. There were still many unanswered questions about how the system would be applied for promotions and a genuine career management and development system, which was to be established. The staff expected that the performance appraisal system would be a main issue on the next agenda of the Staff Management Coordination Committee. The validity of permanent contracts was being debated extensively, as it had been in the past. In the view of the Staff Union, permanent contracts were essential and should represent a larger percentage of contracts in general if the independence and impartiality of the international civil service was to be maintained.

73. The staff had worked very closely with management on the proposed reforms to the internal system of justice. Nevertheless, the Union had had to withdraw support for the proposed reforms because it believed that staff members should have the right to have their cases heard by their peers. They fully agreed with the need to appoint a Legal Officer to the Panel of counsel and would have wished that independent attorneys could represent staff. The Staff Union also supported the establishment of an ombudsman panel with an ombudsman at a sufficiently high level to mediate cases independently.

74. Referring to the statement that she had made on Staff Day, in which some had seen criticism of the Secretary-General, she stressed that, on the contrary, she had praised him for showing a clear and true vision of the international civil service and appealed for his intervention to stop the involuntary termination of staff.

75. The positive results achieved at two recent staff-management meetings were largely attributable to the Fifth Committee's interest in the matter. The Staff Union hoped that that attitude would lead to the establishment of a new staff-management relationship in an atmosphere of complete cooperation, respect for mutual interest and transparency. In that manner, the staff could suggest solutions to and provide support for the Secretary-General in achieving the objectives sought by the General Assembly. In that regard, there were several national staff-management consultation systems that could well serve as models.

76. The staff hoped that the Committee would fully support the continuation and the strengthening of the Staff Management Coordination Committee, which was the instrument by which the joint objectives - efficiency and the continued survival of the international civil service serving the Organization - could best be achieved.

77. Mr. FATTAH (Egypt) and Mr. SIAL (Pakistan), expressed appreciation to the President of the Staff Union for her very constructive statement and said that her remarks should be duly taken into consideration in the ongoing discussions on that agenda item and others connected with it.

78. Mrs. BUERGO RODRIGUEZ (Cuba) said that she supported the conclusions reached by the Sixth Committee concerning the proposals for reforming the internal system of justice of the Secretariat, as set forth in document A/C.6/51/7, and felt that it would indeed be preferable to defer the reform until certain problems raised by those proposals had been solved. She thanked the President of the Staff Union for her statement and said that, in view of the link between human resources management and other questions under consideration, it was important for the Committee to be able to learn first-hand the views of the staff in order to have all the information for continuing in a useful manner its informal consultations. Noting that the Staff Union supported the establishment of mediation groups for considering complaints of abuse or discrimination by departments, she wished to know whether there were many such complaints. Lastly, she pointed out that she had requested the Secretariat to provide information on staff that were seconded and hoped that it would be provided before the start of the informal consultations.

79. Mr. MOKTEFI (Algeria) said that he also felt that the reform of the internal system of justice was a process which, in view of its importance,

should not be carried out hastily. There were still problems with regard to numerous issues, such as the possible establishment of a disciplinary board and arbitration boards. The comments made by the Sixth Committee were very instructive and must be taken into account. His delegation furthermore welcome the statement by the President of the Staff Union and said that the dialogue between management and staff, which would only help the Organization, must continue.

80. Mr. MAZAMBO (Zimbabwe) welcomed the conclusions of the Sixth Committee concerning the proposals for the reform of the internal system of justice which, in his opinion, raised many problems. To replace the Joint Appeals Board by an Arbitration Board, the members of which would be recruited outside the United Nations system, did not seem very fair to the staff, who might dispute the decisions of such a body if they were seen as being imposed unilaterally by external arbitrators who tended to favour the Administration. The staff members on the Joint Appeals Board were perfectly capable of analysing the facts submitted to them; they did not need to be lawyers. His delegation also welcomed the statement by the President of the Staff Union, whose comments would be useful to the Committee in its future discussions.

81. Mr. HANSON (Canada) regretted that the reform of the internal system of justice was still encountering a number of problems; it was to be hoped that they would be resolved since there was clearly a need to change the current system. In the meantime, it was essential that all parties should respect the requirements of due process. The statement by the President of the Staff Union seemed to him to be conducive to a productive dialogue between the Administration and the staff; that was something the Organization needed more than ever.

AGENDA ITEM 141 : REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (continued) (A/50/945, A/50/1004, A/50/1005, A/51/302, A/51/305, A/51/432, A/51/467, A/51/486 and A/51/530)

82. Mr. GRAMS (United States of America) said he was pleased to note that the Office of Internal Oversight Services (OIOS), the recent establishment of which had made good a serious deficiency, was now an integral part of the arrangements made to introduce a new style of management in the United Nations. The Secretary-General's report on the activities of the Office, the first covering a whole year, was outstandingly clear and concise and, in general, was set out in a way that made it an extremely user-friendly document. Other bodies, such as the Joint Inspection Unit (JIU) and the Board of Auditors, could usefully take it as a model for their own reports. At the same time, the quality of the various audit reports submitted by OIOS had improved.

83. Although much remained to be done, in particular the publication of an OIOS manual, the results were already very encouraging. The recommendations of the Office had identified potential savings of \$18.7 million. A short audit of the International Criminal Tribunal for Rwanda, for example, had resulted in savings of \$3.2 million in construction costs. Given that result, it was to be hoped that the Office would scrutinize all the activities of the United Nations and that the principle of more systematic internal oversight would be extended to all the specialized agencies.

84. During the year, the Investigations Section had received 205 complaints, which had led to the publication of numerous reports. The investigative work had, in particular, revealed serious shortcomings in the management of the gift shop at United Nations Headquarters and recommendations had been made on that matter. In another area, the Investigations Section had studied the question of seminars organized by the Special Committee on decolonization and had identified an apparent wastage of resources on travel costs; there again, it had made recommendations which should be followed up without delay. Those two examples, among others, showed the importance of the work of the Investigations Section and the need to give it priority with respect to staffing, as the Under-Secretary-General for Internal Oversight Services had decided.

85. Procurement was one of the areas that was still plagued by abuses and anomalies and it was reasonable that OIOS should continue to make procurement one of its top priorities. It was worth noting that the Office itself had been subjected to an inspection by the Board of Auditors and that it was setting an example for the Organization as a whole by improving its own operations on the basis of the recommendations made, as indicated in the Board's report.

86. If the work of the Office was to bear fruit, it was important to ensure that its recommendations were fully implemented by all programme managers; Member States should also show that they took the mission of OIOS seriously by supporting its activities and by giving it the means to carry out its work, in particular by providing adequate funds so that it could carry out the travel necessary for its investigative work. His delegation attached the greatest importance to the effectiveness and dynamism of OIOS, which it regarded as vital to the reform of the Organization.

87. Mr. GHESDAL (Norway) said he was gratified to note that the report on the activities of the Office was concise and very readable. It was clear from the report that awareness of the need to reform the managerial methods of the Organization was gradually gaining ground. Progress had been made in the alignment of the work programmes of OIOS and the Board of Auditors, and a similar alignment was currently under discussion with JIU. His delegation took note of the information that had just been provided by the Chairman of the Board of Auditors concerning the planned tripartite meeting between the Board, JIU and OIOS. However, his delegation, like that of Ireland, was rather disappointed with the observations made by JIU on the activities of the Office (A/51/530).

88. His delegation considered that oversight work should continue to focus as a matter of priority on the four areas covered in chapter II of the report. The establishment of a procedure for systematic follow-up of earlier recommendations by the Office could only help to strengthen its authority and enhance its credibility. In order to give it the means to increase its effectiveness still further, the permanent and temporary posts on its staffing table should be filled and it should be given adequate resources, in particular for the travail of its investigators. In the case of OIOS, those costs were more than offset by the savings made as a result of its work.

89. In the context of the medium-term plan, his delegation believed it would be unfortunate to merge administrative services (programme 24) and internal oversight (programme 25), a move which would inevitably jeopardize the independence and impartiality of the Office.

90. It was gratifying to note that the Office was gradually overcoming the reluctance of programme managers, who were coming to accept critical internal oversight. Like the delegations of Japan and Canada, however, his delegation considered that OIOS should become even more pro-active by providing advice on effective management in order to prevent problems from arising.

91. It must be noted that, once again, only a small share of the Office's resources had been devoted to evaluation. Nonetheless, his delegation was satisfied with the individual evaluation reports, such as those on the termination phase of peacekeeping operations (E/AC.51/1996/3) and the triennial review of the follow-up to the evaluation of the Office of the United Nations High Commissioner for Refugees (UNHCR) (E/AC.51/1996/4). It also welcomed the more general report on strengthening the role of evaluation findings in programme design, delivery and policy directives (A/51/88) and, in that connection, awaited with interest the guidelines on internal oversight within each unit at the departmental level, which the Committee for Programme and Coordination had encouraged the Office to develop.

92. With respect to the oversight of peacekeeping operations, his delegation welcomed the establishment of a Lessons Learned Unit in the Department of Peacekeeping Operations. Norway had strongly supported that initiative because it would enable the Organization to take full advantage of its previous experience in starting up new missions.

93. In the field of humanitarian activities, the Office had rightly concentrated its oversight work on UNHCR, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the Centre for Human Rights. With respect to the Centre, the new structure being implemented provided for a more rational division of responsibilities, but the need for a system of programme oversight must be addressed in the restructuring exercise. With respect to UNHCR, the Office, like the Board of Auditors, had identified continuing weaknesses in the financial controls of implementing partners and in the ability of UNHCR to monitor their activities. That issue merited further attention in the coming year. Lastly, with regard to the inspection of UNRWA, in which the Office had identified significant managerial problems at the headquarters level, his delegation noted with satisfaction that the newly appointed Commissioner-General of UNRWA had already initiated action to address the most pressing of the Office's recommendations.

94. Mr. RANTAO (Botswana) said that he associated himself with the comments made by the Group of 77 and China. He urged all Member States to give full support to the Office of Internal Oversight Services and to see that its work was not stalled or obstructed. Priority should be given to inventing a better management culture in the Organization. The management training exercise being conducted was a step in the right direction, but he wondered whether it would usher in new thinking in management practice.

95. The irregularities or anomalies uncovered in the Office's report were clearly detrimental to the Organization's reputation, but the United Nations must meet the requirement of transparency. In that connection, it seemed that information on the activities of some United Nations agencies and peacekeeping operations was sometimes deliberately omitted from documents intended for the

General Assembly. His delegation wanted to know whether that practice was common and, if so, how the problem could be addressed.

96. Mr. AL-YAHYA (Kuwait) said that he supported the efforts of the Office of Internal Oversight Services in the area of management reform and welcomed the Office's close cooperation with other oversight bodies, such as the Board of Auditors and the Joint Inspection Unit. He associated himself with the representatives of other countries who had stressed the need to implement the Office's recommendations and to determine who was responsible for the irregularities identified.

97. His delegation agreed that peacekeeping operations, humanitarian activities, procurement and problems in establishing new bodies should be priority areas for oversight. It welcomed the action taken by the Audit and Management Consulting Division, which had identified \$12 million in potential recoveries and savings and had enabled the United Nations to save and recover nearly \$9 million.

98. With respect to peacekeeping operations, the audit conducted in August 1993 had revealed that the United Nations Iraq-Kuwait Observation Mission (UNIKOM) had erroneously paid mission subsistence allowance to its staff for annual leave, compensatory time off, weekends and holidays. Since the audit conducted in July 1995 had found that UNIKOM had initiated no action to recover those funds, the Office had asked the Field Administration and Logistics Division to ensure that UNIKOM management recovered all of the overpayments, which were estimated at \$844,000. The delegation of Kuwait wondered why UNIKOM had taken no action in that regard. It wanted to know how much of that amount had already been recovered and how long it would take to recover the total amount of the overpayments.

ORGANIZATION OF WORK

99. Mr. FATTAH (Egypt) point out that the draft resolutions considered by other committees often included paragraphs relating to budgetary matters, which were exclusively within the competence of the Fifth Committee. Such a procedure clearly contravened rule 153 of the rules of procedure of the General Assembly, as well as Assembly resolution 41/213, which defined the budget process. The tendency of other bodies to involve themselves in administrative and budgetary matters, at which the Assembly had already expressed concern in its resolution 45/248 and which had surfaced once again at the previous day's meeting of the Fourth Committee, could only create confusion and jeopardize the outcome of informal consultations by making it harder to achieve consensus.

100. Mr. ZHANG Wanhai (China) and Mr. MOKTEFI (Algeria) said that they fully supported the comments made by the Egyptian delegation, and asked the Chairman to report the concerns of the Fifth Committee to the Chairman of the Fourth Committee.

101. Ms. BUERGO RODRIGUEZ (Cuba) and Ms. ICERA (Costa Rica) said that they associated themselves with the comments made by the preceding speakers, but felt that the Chairman should report those concerns to all of the Main Committees, not only the Fourth Committee.

102. Mr. IRAGORRI (Colombia) emphasized that it was the phrase "within existing resources" that caused problems in the consideration of draft resolutions or decisions. Therefore, it would be advisable to omit that phrase so that efforts to reach consensus would not be hindered.

103. Mr. HO (Singapore) said that it would be useful for the Secretariat to define exactly what was meant by "within existing resources".

104. Mrs. EMERSON (Portugal) said that it would be sufficient for the Chairman to report the concerns of the Fifth Committee to the Chairmen of the other Main Committees and to remind them of the relevant provisions: rule 153 of the rules of procedure of the General Assembly and Assembly resolutions 41/213 and 32/211, which contained all of the necessary guidelines.

105. The CHAIRMAN said that, if he heard no objection, he would report accordingly to the Chairmen of the other Main Committees.

106. It was so decided.

The meeting rose at 1.15 p.m.