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Chairman: Mr. Rosenthal (Guatemala)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Mselle

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The meeting was called to order at 3.10 p.m.

Agenda item 126: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (A/55/436 and A/55/469; A/C.5/55/23)

1. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (A/55/436), the report of the Secretary-General on rules and procedures to be applied for the investigation functions performed by the Office of Internal Oversight Services (A/55/469) and the note by the Secretary-General on enhancing the internal oversight mechanisms in operational funds and programmes (A/C.5/55/23), said that the report contained in document A/55/436, which covered the activities of the Office of Internal Oversight Services (OIOS) during the period from 1 July 1999 to 30 June 2000, was the first annual report of OIOS to be submitted to the General Assembly since he had assumed his official duties in April 2000. He noted with satisfaction that the General Assembly, in resolution 54/244, had reaffirmed resolution 48/218 B, by which the Office had been established. A key to the Office's success to date had been its independence. He therefore welcomed the Secretary-General's assurance of his continued support in that regard. The Office had demonstrated that it was an objective source of reliable information and an agent of change in the United Nations, in particular with regard to strengthening internal controls and improving management performance. Nevertheless, he planned to review the existing structure and allocation of resources in order to ensure optimal efficiency and effectiveness. He noted, in that connection, that the United Nations was becoming progressively more field-based, whereas about 70 per cent of the Office's staff resources were deployed at Headquarters. He also intended to make a concerted effort to improve relations with management and Member States with a view to dispelling any notion that OIOS had a hidden agenda.

2. During the period under review, the Office had continued to coordinate with both the Board of Auditors and the Joint Inspection Unit and to participate in the annual meetings of the heads of internal audit bodies of the United Nations and multilateral financial institutions. The Investigations Section had sponsored the first Conference of Investigators of the United Nations System. The Office had made 968 recommendations to its clients,

representing an increase of 15 per cent compared with the previous year and those recommendations, if implemented, would result in cost savings and recoveries totalling \$17 million. In addition, OIOS had issued 82 audit reports and 35 investigation reports to management, transmitted 20 reports to the General Assembly and the Committee for Programme and Coordination, and issued 453 audit observations to clients. The Investigations Section had logged 287 new cases, an increase of 16 per cent over the previous year. However, its staff strength had remained the same, resulting in a growing backlog of investigation cases. Approximately 73 per cent of all OIOS audit recommendations made since July 1996 had been implemented. In order to improve the monitoring and reporting of its recommendations, the Office had recently developed criteria for identifying recommendations which had a significant impact on client operations and which would be subject to special follow-up action.

3. Chapter II described the Office's activities and accomplishments in the priority areas for oversight, namely, peacekeeping operations, humanitarian and related activities, human resources management and procurement. Audit coverage of the Department of Peacekeeping Operations had been expanded, and audits had been conducted at 11 missions in the field. Resident auditors posted to several major missions had provided continuous audit coverage, and investigations had been carried out into such matters as wire fraud, travel fraud and aviation safety. Regarding humanitarian and related activities, OIOS had audited the operations of the Office of the United Nations High Commissioner for Refugees (UNHCR) in 35 countries and at UNHCR headquarters. It had also expanded its audit coverage of the Office of the Iraq Programme and the Office of the Humanitarian Coordinator in Iraq because of the high value of oil revenues and the complexity of the Organization's responsibilities in that country. In addition, it had conducted audits of field support services at the headquarters of the Office of the United Nations High Commissioner for Human Rights and of the human rights field operations in Burundi, Colombia and Rwanda. In the area of human resources management, OIOS had undertaken a follow-up audit of the recruitment process and a review of the attendance and leave system. As to procurement, 77 recommendations had been made and there had been a follow-up audit of procurement reform.

4. Chapter III contained reports on the five oversight functions of audit and management consulting, investigation, inspection, programme performance monitoring and programme evaluation. The assignments undertaken by OIOS had been challenging and diverse.

5. The Office would strive to maintain the highest levels of efficiency, effectiveness and professionalism, but it must receive the necessary resources to maintain and upgrade the skills and competencies of its staff and to equip them with the appropriate information technology tools to perform their tasks.

6. The report of the Secretary-General on rules and procedures to be applied for the investigation functions performed by the Office of Internal Oversight Services (A/55/469) was provided in response to the request of the General Assembly in paragraph 17 of resolution 54/244. Like all offices in the United Nations charged with conducting investigative activities, the Investigations Section of OIOS operated in conformity with established United Nations regulations, rules and administrative instructions. The Section was also subject to the provisions of the General Assembly resolutions concerning OIOS, namely, resolutions 48/218 B and 54/244, and the provisions of the Secretary-General's bulletin ST/SGB/273, which together constituted the Office's mandate. The Section's Manual was to be found on the Office's web site.

7. In adhering to the mandate to assist the Secretary-General in his reform programme, the Section undertook activities to prevent and detect waste, misconduct, abuse and mismanagement in the operations of the United Nations. To that end, it examined allegations received and ascertained the facts in order to substantiate or disprove such allegations. In that regard, the Section was committed to the concept of accountability. If the evidence collected showed prohibited activity, the Section would make recommendations to the programme manager concerned, which might include referral to a national jurisdiction for criminal prosecution and/or to the Office of Human Resources Management for disciplinary action. In addition, it might recommend ways of eliminating further occurrences. The Section would also work to clear the name of staff members who were wrongly or maliciously accused. If there was insufficient evidence to support an allegation, the

accused person would be given the benefit of the doubt.

8. The investigative activity of the Section, which was not a law enforcement body, constituted preliminary investigation activity as defined in administrative instruction ST/AI/371. That activity was conducted in such a way as to ensure the confidentiality of those making reports, the rights of the staff members involved, the protection from reprisals of those who contacted the Section, and in the interests of the Organization. The report had been reviewed by the Office of Legal Affairs and the Department of Management, and their views had been incorporated therein.

9. With regard to the note by the Secretary-General on enhancing the internal oversight mechanisms in operational funds and programmes (A/C.5/55/23), he said that, pursuant to the request of the General Assembly in resolution 48/218 B, the Secretary-General had prepared a detailed report containing recommendations on the implementation of that resolution as it pertained to the internal oversight functions of the United Nations operational funds and programmes, including methods by which the Office could assist such funds and programmes in enhancing their internal oversight mechanisms. Subsequently, the Assembly, in resolution 54/244, had requested the Secretary-General to update the information contained in that report and decided to consider the question at an early stage at its fifty-fifth session. The issuance of the updated report had, however, been postponed until March 2001, owing to the time needed to conduct consultations with the funds and programmes with a view to revisiting the recommendations contained in the previous report.

10. **Mr. Gaubert** (France), speaking on behalf of the European Union, the associated countries Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Malta, Poland, Romania and Slovenia, and, in addition, Norway, said that the report of the Office of Internal Oversight Services (A/55/436) demonstrated the value added to the Organization by OIOS. Since the Office's establishment six years earlier, it had made considerable progress; the creation of an enhanced mechanism to track its recommendations and its increased credibility as an internal source of services and advice augured well for the future.

11. The increase in United Nations activities required a parallel expansion of those of OIOS. There was a need for even more efficient planning of those activities, closer coordination with the Organization's other oversight bodies, reconsideration of the priority areas for oversight, and enhancement of the Office's working methods. His delegation wished to know, in that connection, what the results had been of the workshop for senior staff convened in late September 2000 to address those strategic oversight issues and it looked forward to the issuance of the report on enhancing the internal oversight mechanisms in operational funds and programmes.

12. With the intensification of United Nations missions, the Office must ensure that its resources were adequately balanced between Headquarters and the field. The enhancement and expansion of OIOS activities were key elements for the development of a management culture within the Organization. The European Union wished to express its confidence in the Under-Secretary-General for Internal Oversight Services. It welcomed his desire to improve relations with Member States and management, and it was sure that, under his leadership, the Office would remain a key partner in improving the quality of the Organization's management.

13. **Mr. Lozinski** (Russian Federation) expressed satisfaction with the Office's activities in the six years since its establishment. The value added to the United Nations by OIOS could be measured, inter alia, by the cost savings to the Organization. His delegation endorsed the priority areas for oversight set out in the report of the Office of Internal Oversight Services (A/55/436, para. 15). In particular, it welcomed the Office's activities in respect of peacekeeping operations and procurement. Of course, those activities would not produce results unless the Office's recommendations were scrupulously implemented. Overall, his delegation believed that the implementation rates achieved in the United Nations were satisfactory.

14. He expressed support for the Office's decision to review its existing allocation of resources and its current structure in order to ensure adequate oversight of field-based activities. While his delegation appreciated the audit coverage of peacekeeping operations during the period under review, it was concerned about the multiple violations of the Financial Regulations and Rules of the Organization,

the procurement instructions and the rules on payment of wages and mission subsistence allowance and about the cases of financial manipulation uncovered by OIOS, which had cost the United Nations hundreds of thousands of dollars. It was to be hoped that the appropriate lessons would be learned and that the persons responsible would be punished.

15. He welcomed the Office's cooperation and coordination with the Organization's other oversight bodies. Although his delegation paid particular attention to the annual report of OIOS, the reports on specific audits undertaken by the Office were also of keen interest to it. It agreed with the formula chosen by the Committee for the consideration of those reports and would take an active part in the discussions.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 126: Report of the Secretary-General on the activities of the Office of Internal Oversight Services (*continued*) (A/55/353)

16. **Mr. Nair** (Under-Secretary-General for Internal Oversight Services), introducing the note by the Secretary-General transmitting the report of OIOS on the investigation into the misdirection of contributions made by Member States to the United Nations Environment Programme Trust Fund account (A/55/353), said that, between 12 February 1998 and 25 October 1999, 13 wire transfers of funds intended as contributions to the United Nations Environment Programme (UNEP) Trust Fund account at the Chase Manhattan Bank, totalling \$701,998, had been made by nine Member States. However, the funds had been deposited in error into the account of another account holder at Chase, Ms. Susan Rouse-Madakor. The number of the UNEP Trust Fund account had the prefix 001-1, whereas Ms. Madakor's account number had the prefix 001. Otherwise, the two account numbers were identical. The Investigations Section of OIOS had found that, although the United Nations Office at Nairobi, which administered the Trust Fund account, had provided the correct account number to the Member States, most of the funds transfer instructions had not included the fourth digit "1" of the UNEP Trust Fund account number. Also, the system used by Chase provided for wire transfer deposits to be made by account number only, without reference to the name of

the intended beneficiary. Thus, the transfers had been credited to the Rouse-Madakor account instead of that of UNEP. The United Nations Office at Nairobi had not acted in a prompt and efficient manner in identifying and addressing the misdirected contributions, thereby allowing additional deposits to be credited to the Rouse-Madakor account. In addition, Chase had been unresponsive to repeated requests from that office to look into the missing contributions and it had taken it six months from the initial notification to identify the incorrect deposits.

17. The Office of Internal Oversight Services had found that, while mistakes had been made, there was no evidence of wrongdoing on the part of United Nations staff members. It had made several recommendations with a view to improving the current process for the payment of contributions, as well as the communications between the United Nations Office at Nairobi and Member States, and between that Office and Chase. Both the United Nations Office at Nairobi and the Department of Management had accepted the report's findings and recommendations. Since the issuance of the report, Ms. Rouse-Madakor had been convicted of bank fraud and bank larceny. Sentencing was scheduled for February 2001.

Agenda item 133: Financing of the United Nations Interim Administration Mission in Kosovo (A/55/477 and A/55/624)

18. **Mr. Halbwachs** (Controller), introducing the report of the Secretary-General on the financing of the United Nations Interim Administration Mission in Kosovo (A/55/477), explained that the report included the proposed budget for the maintenance of the Mission from 1 July 2000 to 30 June 2001. The budget had initially been contained in document A/54/807, and had been estimated at \$461.3 million. Having reviewed that report, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had submitted interim recommendations, and the General Assembly had authorized the Secretary-General to enter into commitments not to exceed \$220 million for the period from July to December 2000. It had also asked the Controller to submit a new budget.

19. The revised budget amounting to \$474,401,800 represented an increase of 11 per cent over the approved budget for the preceding period. The increase in military personnel costs would essentially be used for contingent-owned equipment and self-sustainment

for ten special police units and one canine unit. The reduction of about \$89 million for operational requirements resulted from the fact that the Mission had less need for procurement in the current financial period than it had had in the previous period.

20. The proposed budget provided for a net increase of 909 posts; the breakdown of transfers and new posts was presented in chapter VIII. The Mission's structure, too, had been modified; the Office of Gender Affairs had transferred to the Civil Administration, and the Office of Human Rights had been expanded to cover community affairs, in accordance with a recommendation of the Advisory Committee. The Civil Administration had also been restructured following the signing in December 1999 of an agreement setting up the Joint Interim Administrative Structure, which had initiated the process of setting up interim institutions for self-government. Twenty local administrative departments had subsequently been identified, each of which was to be directed by a team comprising one international and one local co-head. In addition, a Monitoring Unit and an Office of Statistics had been established. The Humanitarian Affairs pillar had, as planned, been phased out by June 2000. At the same time, a Special Programme for International Judicial Support in Kosovo had been launched by the Special Representative of the Secretary-General with the aim of restoring an independent, impartial and multi-ethnic judiciary.

21. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of ACABQ (A/55/624), said that the revised estimates of \$474.4 million proposed by the Secretary-General in his report (A/55/477) superseded the estimates he had presented in document A/54/807 for the period 1 July 2000 to 30 June 2001. The Advisory Committee had recommended, and the General Assembly had assessed, \$220 million for UNMIK for the first six months of the financial period starting on 1 July 2000.

22. The report of ACABQ contained detailed comments and recommendations based on the experience and information it had gained during a five-day visit to UNMIK in June 2000. For example, on the question of the Special Programme of International Judicial Support for Kosovo, the manner of the support originally proposed by the Secretary-General had changed after the Advisory Committee's visit and its discussions with officials of the Mission and with

international judges and a prosecutor at the district court of Mitrovica. As could be seen from paragraphs 30 to 37 and 42, ACABQ had, subject to the conclusions and recommendations in paragraphs 59 to 61, agreed with the proposals of the Secretary-General in that regard. In that connection, he drew attention to paragraphs 36 and 37 of the report.

23. With regard to the proposals for the Office of the Special Representative (paras. 20 to 26), he said that, while in Kosovo, the Advisory Committee had been able to appreciate the difficulty inherent in the pillar concept, particularly with respect to coordination, and the additional costs resulting from that concept. It concluded that there was room for considerable streamlining, but it recognized the prerogative of the Special Representative to organize his office as he deemed appropriate. Taking that and the other factors referred to in the report into account, ACABQ recommended a net increase of 30 posts rather than the 51 requested.

24. As a result of its visit, the Advisory Committee recommended approval of the request to reclassify two D-1 posts for the heads of two regional offices to the D-2 level (para. 40) and the reclassification of two posts for the Deputy Director and the Director of the Office of Political Affairs from the P-5 and D-1 to the D-1 and D-2 levels respectively (para. 22).

25. Referring to the Advisory Committee's comments (para. 11) on the developments that had taken place since its visit to Kosovo, he said that the potential effects of those changes had also been taken into account in a number of its comments and recommendations.

26. As could be seen from paragraph 61 of the report, ACABQ recommended an appropriation of \$450 million for UNMIK, taking into account the \$220 million already authorized by the General Assembly. The additional assessment would therefore be \$230 million. The Secretary-General should exercise his normal flexibility in administering the appropriation authorized by the General Assembly, taking fully into account the comments and observations of ACABQ, particularly those related to posts.

27. **Ms. Silot Bravo** (Cuba) said that her delegation noted with concern the considerable amount of resources proposed for the United Nations Interim Administration Mission in Kosovo (UNMIK) and supported the comments made by the Advisory

Committee pertaining to the size of the budget allocated to it. Concerning the strengthening of the judicial system, her delegation had doubts as to the solution proposed, which would involve the use of international judges instead of the promotion and development of a local judicial system administered by domestic courts. She wondered how the proposed courts would interact with those of Yugoslavia. Another subject of concern was the trend towards the assignment of high-level posts within the Mission; that could make it excessively bureaucratic and would thus set a bad example for the territory as it prepared for future self-administration. She asked whether more information could be provided on how the UNMIK budget and the Kosovo consolidated budget were linked. Lastly, she said that her delegation welcomed the proposals aimed at improving the structures to deal with ethnic problems in order to ensure a lasting and sustainable peace in the territory.

28. **Mr. Lamek** (France), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia, Turkey, and, in addition, Norway, said that the report of the Secretary-General demonstrated the scope of the work done by UNMIK. Just a little more than a year after the operation had been initiated, the Mission had already been able to terminate the activities of the humanitarian affairs pillar. The activities of UNMIK had made a new beginning possible and institution-building efforts were continuing. As for the Civil Administration, the European Union noted that the Mission had succeeded in setting up an administration founded on the rule of law. While those efforts were encouraging, it was clear that more work was needed. The European Union supported the analysis presented by the Advisory Committee which had underscored the priority that must be given to policing, judiciary activities and the operation of the newly established administrative structures. It welcomed the recommendation that the 377 new posts requested by the Secretariat for the Civil Administration should be authorized, and supported the Advisory Committee's view that the budget should be slightly reduced, as savings could be realized, for example because of the slow deployment of police units and delays in spending on other items.

29. **Mr. Chandra** (India) expressed support for the conclusions and recommendations contained in the

report of the Advisory Committee. He sought clarification concerning the statement by the Chairman of the Advisory Committee, who had said that the Secretary-General should exercise normal flexibility in implementing the Advisory Committee's recommendations, particularly those related to posts.

30. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) explained that, in its report, the Advisory Committee had not specified the number of posts to be eliminated, although it had made recommendations regarding the overall amount to be provided for the Mission. Since a percentage of the budget was for staff costs, if the total amount requested by the Secretary-General was reduced, the recommended reductions would necessarily have repercussions on posts. However, it was ultimately for the Secretary-General, using his own judgement, to indicate which posts should be maintained, left vacant or cut, in accordance with the needs of the Mission. The Advisory Committee had followed such procedures from time to time in its recommendations for other missions.

Organization of work

31. **The Chairman** drew the Committee's attention to a list, which had been prepared by the secretariat of the Committee and approved by the Bureau, of 16 time-sensitive items and issues that would require action by the Fifth Committee during the main part of the fifty-fifth session of the General Assembly. In order to conclude its consideration of all of the items and issues on the list, the Committee would need to continue to work beyond 1 December, the date by which it had been mandated by the General Assembly to complete its work. With the concurrence of the Committee, he proposed to address a letter to the President of the General Assembly requesting an extension of the work of the Fifth Committee until Wednesday, 20 December 2000; that would allow the General Assembly to consider the Committee's reports not later than Friday, 22 December. All of the other items and issues on the Committee's agenda would be deferred until the resumed session in 2001.

32. During an exchange of views in which **Ms. Peña** (Mexico), **Mr. Elgammal** (Egypt), **Ms. Aragon** (Philippines), **Mr. Lamek** (France), on behalf of the European Union, **Mr. Hassan** (Nigeria), on behalf of the Group of 77 and China, **Mr. Chandra** (India), **Mr. Alatrash** (Libyan Arab Jamahiriya), **Ms. Johnson**

(Canada), **Mr. Tang Guangting** (China), **Ms. Geman** (United States of America), **Mr. Ahounou** (Côte d'Ivoire), **Mr. Fujii** (Japan) and **Ms. Powles** (New Zealand) took part, **Ms. Silot Bravo** (Cuba) proposed that agenda item 123, on human resources management, should be included in the list of items and issues.

33. **The Chairman** said that the list should not be viewed as a rigorous commitment to adopt final decisions on all of the items. It was merely an attempt to rationalize the Committee's work. He took it that the Committee agreed to include agenda item 123, on human resources management, in the list and to proceed with its work on the basis of the list, as orally revised.

34. *It was so decided.*

35. **The Chairman** said he took it that the Committee agreed that the Chairman should address a letter to the President of the General Assembly requesting an extension of the work of the Fifth Committee until Wednesday, 20 December 2000.

36. *It was so decided.*

The meeting rose at 5.10 p.m.