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Chairman: Mr. Ashe (Antigua and Barbuda)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Saha

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

Agenda item 136: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*) (A/60/681 and Corr.1 and Add.1, A/60/682, A/60/699, A/60/700, A/60/711, A/60/713, A/60/715, A/60/717, A/60/720 and Add.1, A/60/727, A/60/787, A/60/807, A/60/856 and A/60/880)

Interim report of the Advisory Committee on Administrative and Budgetary Questions

1. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)), introducing the Advisory Committee's interim report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/60/880), said that, for the reasons stated in paragraphs 2 to 5 of its report, the Advisory Committee had not had the opportunity at its current session to engage in detailed consideration of peacekeeping matters of a cross-cutting nature. Its intention in submitting an interim report was to assist the Committee in its deliberations on peacekeeping operations by providing a summary of the issues of general application identified by the Advisory Committee thus far.

2. The Advisory Committee would present its full general report on peacekeeping operations in the fall, once it had had the chance to examine the budgets of all peacekeeping operations and a number of forthcoming reports that would have an impact on peacekeeping operations, including reports relating to the Secretary-General's proposals on reform, procurement, governance and results-based budgeting in peacekeeping operations, as well as a range of documents on human resources management issues. The Advisory Committee's general report would be forward-looking and contain recommendations to guide the work of the missions in preparing the next round of peacekeeping budgets.

3. **Ms. Pollard** (Director of the Peacekeeping Financing Division) said that, as stated in the Advisory Committee's report, some peacekeeping documentation had been submitted to ACABQ later than anticipated. That had been largely due to the current situation regarding Security Council approval of peacekeeping mandates. She recalled that, at the main part of its

sixtieth session, the General Assembly had considered and approved a number of proposals which had had an impact on the preparation of the 2006/07 budgets. The preparation of the budget proposals for the missions in the Sudan, Haiti and the Democratic Republic of the Congo had been particularly challenging, owing, to changes in their mandates and the associated resource requirements, which had to be formulated for consideration by the Assembly. The Secretariat fully appreciated that the late submission of documentation created problems for the Committee, as well as for the Advisory Committee.

4. **Mr. Drogenik** (Austria), speaking on behalf of the European Union, said that the Advisory Committee's interim report was timely and needed. The European Union had made clear on previous occasions that it attached particular importance to horizontal issues and considered it essential that the Committee should give the relevant policy guidelines when approving resources for peacekeeping operations. While it regretted that time constraints had prevented the Advisory Committee from commenting on the Secretary-General's overview report (A/60/696), it looked forward to receiving the relevant Advisory Committee report at the main part of the sixty-first session. That would allow the Committee to address horizontal issues when discussing the revised budgets for individual peacekeeping operations. The European Union would like an Advisory Committee report on horizontal issues to be submitted on a regular basis, at the second part of each resumed session.

5. The European Union welcomed the Advisory Committee's findings on the temporary assignment of staff, the use of general temporary assistance, air operations, quick-impact projects, fraud, consultants, high vacancy rates, and integrated and complex missions. It shared the concerns raised by the Advisory Committee and would therefore introduce language for discussion in respect of those issues. A discussion of cross-cutting issues would not delay the Committee's deliberations but would facilitate and expedite its consideration of individual missions. The Bureau should ensure that sufficient time was allocated in the programme of work for such a discussion, as well as for consideration of the other important agenda items before the Committee. The European Union was committed to having a constructive and streamlined discussion. That would enable the Committee to successfully conclude its work by the end of June.

6. **Ms. Attwooll** (United States of America) said that, as in the past, her delegation strongly supported the inclusion of a resolution on cross-cutting issues relating to peacekeeping. While the range of topics before the Committee could be considered on a mission-by-mission basis, her delegation believed it would be far more efficient and effective to consider them in one consolidated resolution.

7. In response to the requests contained in the previous year's resolution on cross-cutting issues (resolution 59/296), there had been a considerable improvement in both the quality of information provided to Member States and the United Nations response to the concerns identified in the resolution. Her delegation looked forward to building on those successes and further enhancing the management of peacekeeping operations to enable the United Nations to successfully implement the mandates granted it by Member States.

8. She was pleased to note that the revised programme of work allocated time for consideration of a cross-cutting resolution. Her delegation had every confidence that, with careful organization and a cooperative spirit on the part of all delegations, the Committee would be able to conclude its work by the end of June.

9. **Mr. Kozaki** (Japan) said that his delegation attached great importance to cross-cutting issues and was therefore pleased that time had been allocated for their consideration. His delegation would participate constructively in the discussion, which it hoped would proceed expeditiously to enable the Committee to successfully conclude its deliberations on peacekeeping operations.

10. **Mr. Yoo Dae-jong** (Republic of Korea) said that his delegation understood the difficulties experienced by the Advisory Committee in preparing its report. As the report had been issued shortly before the meeting, his remarks would be brief and preliminary in nature. Though short, the report identified the problems encountered in peacekeeping operations and recommended the broad direction to pursue in order to resolve them.

11. His delegation shared the Advisory Committee's concerns regarding the assignment of staff to temporary duty in other missions. The matter could be considered in connection with the Secretary-General's proposal to establish a new cadre of peacekeepers, as

contained in his report "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692, para. 28). Four of the eight issues raised in the Advisory Committee's report related to human resources management. He expected future reports by the Secretariat and the Advisory Committee to duly reflect that aspect.

12. His delegation shared the Advisory Committee's desire to learn more about the impact of the new costing structure for air operations (A/60/880, para. 8). Given the high level of peacekeeping activities, enormous resources were required for air operations. There was thus a need to pursue greater efficiency when air operations contracts were concluded; to increase regional management of air assets; and to ensure optimal use of those assets, including through enhanced coordination with the Department of Political Affairs.

13. **Mr. Simancas** (Mexico) said that the discussion of cross-cutting issues relating to peacekeeping and the subsequent adoption of resolution 59/296 had had a positive impact not only on the preparation, but also on the execution, of peacekeeping budgets. His delegation therefore welcomed the Advisory Committee's interim report and would work constructively with other delegations to achieve progress in the informal consultations on the matter.

14. **Ms. Udo** (Nigeria) said that Nigeria and the other members of the Group of 77 and China had supported the adoption of resolution 59/296. Her delegation valued the opportunity to discuss cross-cutting issues that affected several missions. It welcomed the Advisory Committee's interim report but would appreciate clarification as to how the Committee should treat it.

15. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the issues identified in the interim report were additional to those referred to in resolution 59/296. They could be taken up during discussions of peacekeeping budgets, and included if the Committee so desired.

Fact-finding into allegations of procurement irregularities

16. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services) recalled that, at the Committee's 56th meeting, the Office of Internal

Oversight Services (OIOS) had submitted comprehensive written responses to questions raised by delegations concerning, inter alia, the scope of the internal controls review undertaken by Deloitte Consulting LLP versus the scope of OIOS audits; the manner in which OIOS had conducted its comprehensive management audit of the Department of Peacekeeping Operations; the audit of the Procurement Service, which OIOS had begun but not completed; and the issue of delegation of authority. A number of supplementary questions had been put to OIOS at the Committee's 58th meeting. Her Office's written responses to those questions had been distributed informally.

17. The Committee might wish to note that the procurement task force, which was currently reviewing the audit findings of OIOS, worked independently of the Internal Audit Division. Thus, every audit finding would be re-evaluated to ensure that it was substantively correct. That was a long process, and a number of cases were involved. However, OIOS was committed to completing its investigation into procurement irregularities as quickly as possible, mindful of the need for accuracy and thoroughness. While it was also committed to transparency in its interactions with Member States, senior management and the individuals affected by the procurement investigation, it was cognizant of the need to maintain confidentiality.

18. **Mr. Karia** (Director of the Accounts Division, Office of Programme Planning, Budget and Accounts), responding to the questions addressed to him, said that the Secretariat had followed up on those recommendations in the Deloitte report that had been deemed to require immediate attention. The steps taken had been within the Secretariat's purview and had been implemented within existing resources. General Assembly approval was being sought, where necessary, for further follow-up action. It was both prudent and consistent with good risk management strategies for internal controls to be further improved once weaknesses had been identified.

19. The Deloitte study had been commissioned by the Under-Secretary-General for Management. There had been no suggestion by the Secretariat that OIOS and the Board of Auditors were not competent to conduct that type of study. It should be noted, however, that the study had involved a review of internal controls, rather than an audit or an investigation. There was no

intention to make such reviews the preserve of external consultants; the Secretariat would continue to allocate assignments on a case-by-case basis, according to specific needs. Consultants' studies had not, and would not, be used to challenge the findings of OIOS and the Board of Auditors. Such studies were a legitimate problem-solving tool but must be used selectively.

20. In response to suggestions that the Deloitte report should have been shared with senior managers or former senior managers, so as to ensure that it contained no factual or contextual errors, he emphasized that the draft report had been carefully checked for accuracy. At the same time, there was no requirement that every individual engaged in procurement should participate in the fact-checking.

21. He had been asked about the systemic and technical controls that were in place to prevent procurement fraud. While the Secretariat did have such procedures and systems, in some cases, it was left to staff members themselves to conduct monitoring and oversight, owing to a lack of system integration. He could not explain why that issue had not been addressed by the National Institute of Governmental Purchasing (NIGP) in its study of the Procurement Service.

22. His responses would be distributed to delegations informally.

23. **Mr. Aljunied** (Singapore) said that his delegation would need time to study the information provided. However, it noted that the Secretariat had evaded, or simply ignored, some of the issues raised. For example, it had not addressed his concerns regarding the value of the Deloitte report. That document had been presented in a cursory informal briefing, which not all delegations had been able to attend. Consequently, it had yet to be subject to a thorough and comprehensive evaluation by Member States. Until such an evaluation had taken place, the Secretariat should not use the report as a basis for preparing other reports, and it should refrain from referring to its findings. The Committee, for its part, should have a full discussion of the Deloitte study.

24. With regard to the Secretariat's assertion that the report had been carefully checked for factual and contextual accuracy, he wished to know which officials had undertaken the checking and whether a decision had been made not to consult with senior managers in the Procurement Service.

25. The Secretariat should elaborate further on the meaning of the term “internal controls” and on the systemic and technical controls that were in place in the Organization to prevent procurement fraud.

26. His delegation had made a number of comments regarding the tenuous nature of the link made by the Secretariat between the findings of the Independent Inquiry Committee and the cases of the eight staff members placed on administrative leave. Regrettably, the Secretariat had not responded to those observations. If his delegation was correct and there was, in fact, no link, the Secretariat should amend the information it had provided previously. He underscored that the provision of inaccurate and misleading information was not helpful.

27. Lastly, he reiterated his request for the Secretariat to provide delegations with the comments made by the Department of Management on the Deloitte report. He reserved the right to put further questions after studying the Secretariat’s written responses. While he understood the time constraints facing the Committee, his delegation would be compelled to pursue the matter until it received accurate, appropriate answers that did not evade the issues.

The meeting rose at 10.45 a.m.