

Agenda Item 132

Activities of the Independent Audit Advisory Committee for the period 1 August 2010 to 31 July 2011 Report of the Independent Audit Advisory Committee (A/66/299)

Statement by David M. Walker, Chairman, Independent Audit Advisory Committee

4 October 2011

Mr. Chairman, distinguished delegates, I have the honor to introduce the annual report of the Independent Audit Advisory Committee (IAAC), A/66/299 on the activities of the IAAC for the period 1 August 2010 to 31 July 2011. This report was prepared in accordance with the terms of reference of the IAAC as set out in the annex to the General assembly resolution 61/275. This is the IAAC's fourth annual report.

The IAAC is dedicated to working strictly within the terms of reference, using it to guide the scope and extent of our work. The IAAC members, namely Mr. Vadim Dubinkin (Russian Federation); Vice Chairman, Mr. John Muwanga (Uganda); Mr. Vinod Rai (India); Mr. Adrian Strachan (Jamaica) and I are fully committed to fulfilling the responsibilities of this Committee. Notwithstanding that the IAAC members serve on a part-time basis and that most of the members have full time jobs outside the United Nations, attendance at all IAAC sessions continues to be 100 per cent and the members are fully engaged in the Committee's work. This is evidenced by the advice and recommendations that the IAAC has provided in the 11 prior reports we have issued to-date.

During the reporting period, the IAAC continued its past practice of meeting with a broad range of key United Nations stakeholders, including this Committee, representatives of Member States, the Secretary-General, the Deputy Secretary-General, the Chef-de-Cabinet, the Advisory Committee on Administrative and Budgetary Questions, the Chair of the Joint Inspection Unit, and the Board of Auditors. The IAAC has met routinely with the Under-Secretaries-General for Internal Oversight Services and Management or their representatives at every session. We are pleased to report that the IAAC has received adequate access to the individuals, documents and reports that we deemed necessary to conduct our work.

With regards to the IAAC's plans for 2012 we have included a preliminary work plan in the report which is based on our responsibilities, the United Nations budget cycle and the scheduling of the sessions of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, and the Board of Auditors.

Mr. Chairman, distinguished delegates, turning to the results of our activities, since its inception, the IAAC has made a total of 82 recommendations prior to our latest annual report. As indicated in our report, 43 of our recommendations have already been implemented while 24 are either in progress or pending consideration. In addition, 15 of the IAAC's recommendations made in our previous annual reports (A/64/288 and A/65/329) relating to the OIOS, and the accountability system in the United Nations have been deferred for consideration by the General Assembly to this session. Our latest annual report includes 15 new recommendations for consideration by the GA thereby bringing our total recommendations to 97. The Committee looks forward to providing further advice on these and other issues to the General Assembly. The IAAC will also continue to closely monitor implementation of its recommendations.

There are a few issues, however, that the IAAC wishes to highlight in this introductory statement:

Implementation of oversight body recommendations - The IAAC notes the improvement in the rates of implementation of oversight body recommendations and believes that this is a step in the right direction. However, for this to translate into an essential element of accountability, the IAAC is of the opinion that such recommendations must be of high quality, add value and be implemented in a timely manner. In this connection, the IAAC plans to study carefully the new initiative that OIOS plans to introduce in its treatment of recommendations issued to management. In this regard, the IAAC would also like to recognize the work of the Management Committee which has dedicated several of its sessions on reviewing and following up on oversight body recommendations.

Risk management and the internal control framework - While OIOS is moving towards a residual risk based work planning, and Management seems to be making progress in laying the ground work for an enterprise risk management, the IAAC believes that more needs to be done. The IAAC is of the view that an organization of the size, complexity and importance of the United Nations should not be without a robust ERM framework steered from the highest level of the organization. In this regard, the IAAC has also reiterated its recommendations in the context of the accountability system and looks forward to consideration of the same by the General Assembly during this session.

Financial reporting - Consistent with its terms of reference, the IAAC inter-alia reviewed the trends apparent in the financial statements of the Organizations and the reports of the Board of Auditors. The IAAC noted the growing levels of voluntary contributions as a percentage of the overall resources of the organizations (under volume 1) and recommended that Management should articulate and mitigate the risks associated with such developments.

High OIOS Vacancy Rates - This has been an issue of long-standing issue to the IAAC. The Committee is pleased to note that the three key senior leadership positions have now been filled that OIOS' overall vacancy rate has declined and is continuing to decline. However, the IAAC noted that the vacancy rate in the Investigation Division continued to be high and could affect the result of the pilot project on investigations.

Mr. Chairman, distinguished delegates, in the opinion of the Committee, while there are areas that still need to be addressed by OIOS, the office appears to continue making progress. In this regard, I note that the Institute of Internal Auditor's has concluded a recent "Peer Review" of OIOS and will be issuing its findings shortly. The IAAC plans to follow-up on this report at its December meeting.

Other matters - In the course of its deliberations, the IAAC was apprised of the developments related to the proposal on performance audit requested by the General Assembly pursuant to paragraphs 19 and 20 of resolution 65/243B. The IAAC has deemed it necessary to present its views on the same and this advice is contained in paragraphs 54 to 57 of this report.

I also note with concern two recent opinions from the Office of Legal Affairs (OLA). The first relates to OIOS' audit authority over funds and programs and the second relates to whether the two IAAC members who received four year initial terms can be reappointed to another three year term. I would be pleased to address these issues should you so desire.

As I conclude Mr. Chairman, I would like to highlight one particular matter with respect to the coming year that is of relevance to the work of the IAAC. According to the IAAC's terms of reference, the terms of two IAAC members will expire at the end of this year. One of them is mine and the other is Vice-Chairman John Muwanga's. I

advised the Secretary General and other appropriate parties earlier this year that while I have been honored to serve as Chairman of the IAAC for the first four years of its existence, I will not seek reappointment to another three year term. I appreciate the support that the UN officials, my fellow IAAC members and the IAAC professional staff have provided me during my tenure. I wish the IAAC and the UN all the best in the future.

On behalf of the members of the IAAC, I thank you Mr. Chairman.