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STATEMENT TO THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY

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Introductory Remarks

Excellency, Ambassador Taalas,

Thank you, Mr. Chairman for your words of welcome.

1. It is an honour to address the Fifth Committee and, on behalf of my Board colleagues, to summarise some of the important themes emerging from the Board's work. It is also an opportunity for me after three years as your external auditor, to present what I see as the "big picture", particularly on business transformation and completing the work of embedding modern business processes within the UN itself. You will of course be discussing the underlying detail of the Board's reports with the Audit Operations Committee over the coming weeks.
2. Firstly, on behalf of the Board, I wish again to place on record our gratitude to the members of the Fifth Committee, and in particular the hard working chairs of the informal sessions and the coordinators who consider the reports we present. I also express the Board's gratitude to the ACABQ for its constructive review of our reports and for reinforcing our messages.

3. My Board colleagues, Mr. Liu Jiayi of the SAI of the People's Republic of China and Mr. Ludovick Utouh of the SAI of the United Republic of Tanzania, and I are united in our belief that we should not only provide the General Assembly with independent assurance on the use of Member States' funds, but should also actively promote improved efficiency and better governance and financial and operational management. There has surely been no better time in the life of the United Nations for the Board to discharge this role. Many of the modern management approaches and programmes which for too long were perceived as being little more than acronyms, such as "IPSAS", "RBM", "ERP" , "GFSS" or "CMP", are now beginning to permeate the system. It would of course have been better had they come much earlier and more consistently, but the benefits are coming within reach.
4. And these benefits are essential for you and your stakeholders. The UN system is under pressure as never before. Improved efficiency and cost-effectiveness are no longer optional, wherever you are in the UN world. This is because the organisation faces mounting public and political expectations and broadening mandates:
 - to respond to challenging man-made and natural disasters;
 - To deliver on ambitious Development Goals; and
 - To work effectively against the present uncertain context of the global economy.
5. Mr. Chairman, though the work of audit does not draw us daily into the full breadth of the UN's activities – and it is never an auditor's job, in any country I know of, to meddle in policy matters – I want to assure you that we always place the UN's overall aims and goals right at the heart of our thinking. Our reports, so often critical and typically focused on the practices in headquarters and beyond, always have as their ultimate purpose the better management of this organisation's finite resources and the freeing up of as much of those resources as possible for frontline work – not primarily here in New York, you understand, but wherever the UN operates, in all of your countries, on all of the continents of the world.

6. In that inescapable context, swathes of the UN system remain antiquated and lock too much of its constrained resources into administration and long-entrenched methods of operating and inflexible structures. As all of you on the 5th Committee will know from experience, the amount of budget that is truly discretionary in public entities is often very small, and can vanish altogether as soon as cost overruns are experienced. Modern business systems can drive up efficiency, and identify and release resources into that discretionary space, where they can be reallocated to the purposes that you and your governments most value. I know from my own exchanges with the leaders of the UN and its Agencies that they understand this. But they are under no illusion that their organisations as a whole lack the level of knowledge, skills and flexibility to realise the benefits as fully and rapidly as they should.

The UN's Challenges and the Work of the Board

7. As we turn to our findings for this year, let me start with what, I hope, will be uncontroversial ground. The UN is trying to transform itself, to modernise its ways of operating, and this is very, very welcome. It is probably trying harder now than ever before, which we recognise and commend, but it needs to try harder still and it certainly needs to try better. What we find so often in our work is that the UN's processes continue to be outdated, parochial and inconsistent. And while we see many senior managers who are willing to acknowledge this, and eager to change, these same managers often remain uncertain about how to go forward. There is waste. There is much duplication of effort. There are delays and uncertainty. And somewhere, somehow, the effects are felt by those in the field who expect and rely on the UN to deliver direction, services and leadership. To think otherwise is to deceive ourselves.
8. Due to global economic events, many of your nations will be experiencing public spending constraints. The UN is not immune from the pressure to economise. Nor should it be immune either from other changes that are sweeping public services globally, especially when many of these bring real opportunities to improve efficiency. Technological innovation; streamlining; benchmarking: these are not dirty

words at the UN, far from it. But too often the reality of such projects has fallen short of your aspirations in launching them.

9. The Fifth Committee in particular is to be congratulated, Mr Chairman, for recognising the need for change some time ago. This is evident in the wide array of major business transformation programmes that you have mandated in recent years. You have called for a fundamental change in the accounting framework (IPSAS); a major re-engineering and streamlining of business processes (the new enterprise resource planning system); and a new system to support field operations (GFSS). You have also asked for improvements in accountability, IT, risk management and human resources in the United Nations and across the programmes and funds.
10. Each transformation programme would be a challenge on its own. Together, they represent an enormous undertaking. And we should not downplay the added challenges of delivering projects in a consensual environment, in an organisation that is, of necessity, highly-federated and sometimes disunited with varied and powerful vested interests. This year, we provide you once again with some critical reports. But I am pleased to say that we have also been able to acknowledge positive responses to previous recommendations and, though not in every area, some real progress. One highlight in particular to which I draw your attention is the implementation of IPSAS in nine entities during 2012. As implementation completes, however, the focus shifts to the next stage, of realising benefits, convincing staff to adopt new ways of working, and ensuring that unintended consequences are spotted and dealt with. In the year to come, these are the challenges that will face what is arguably the most significant UN transformation project of all: the new enterprise resource planning system.

Personal reflections

11. I said at the beginning of my remarks that I wanted to offer some personal perspectives on the UN at the present moment; these are rooted in, but go some way beyond, the detail of our reports.

12. In my time as the external auditor I have observed a pattern – perhaps it will be recognisable to you – whereby major transformation projects are set up with good intentions but start badly. They then have to be rescued by skilled teams, who are brought together specifically to fix them. Let us call these teams the troubleshooters. The troubleshooters do their work and often they do it excellently, but then they disband. (Or maybe they get sent off to troubleshoot somewhere else.) In my experience, far too little consideration is given to whether – and much more importantly how – the need for the troubleshooters might have been avoided in the first place.
13. These project troubleshooters are, I think, the UN Secretariat’s own version of emergency response teams. We are very grateful they exist. We see the benefits they bring and we know how they mitigate further consequences. But better if possible to avoid the emergency in the first place. Prevention is always better than cure.
14. For example, upward revisions of budgets based on an improved understanding of what is needed for the project to succeed can be justified, but too often cost overruns, with which this Committee is sadly familiar, may indicate that agreed budgets were unrealistic from the start. Further challenge and scrutiny, earlier in a project’s life, and more honesty about what cannot be afforded could avoid this. Meanwhile, learning from the experience of project teams, both the successful ones and the unsuccessful, is also vital. What do those troubleshooters know? And shouldn’t all Leaders have that knowledge in their heads or readily to hand?
15. At present, it appears to us that each project the UN undertakes has to re-invent its own framework for delivery, rather than working within a common framework, which has been agreed centrally, is monitored regularly, and improved incrementally. Senior management grip is always available when the crisis hits. But what if it was available earlier? What might it achieve then?
16. Above all else, the UN needs to be clearer about the destination that transformation projects, both current and future, are intended to reach. Sometimes, in the UK, we call this the target operating model. In the UN context, it would be a shared vision for the

Secretariat of 10 or 20 years' time, based on our best understanding of what will be needed then and what will be available to deliver it. This vision should not be set in stone. How could it be? But it is a vitally necessary driver of change; a test of the merits of individual projects; and, perhaps most importantly, a means to convince member states and senior management to take the difficult decisions that might otherwise be postponed indefinitely.

17. With a shared vision for improved management, the UN's Secretariat would find it easier to act collectively, a key issue we have identified in a number of reports. I believe that with a shared vision, Leaders could be held to account more readily, both by this Committee and others. And with a shared vision, it would become easier – I think much easier – to know where to deploy this great institution's best management.

Conclusion

18. I have heard it said that the UN places too strong a premium on deep intellect and great diplomacy, and too little emphasis on the skills needed to manage complex change and deliver efficient quality day-to-day. I take a slightly different view. Who could object to deep intellect and great diplomacy? In many cases, their power has been felt as the Secretariat has turned projects around. But these are not alternatives to good management. In all these strengths, strategic attention to detail is key. The difference is simply which details one is paying attention to.
19. When it is time for blue skies thinking, there should be blue skies thinking. But when it is time for close and careful delivery, that needs to be in the UN's armoury too. And most importantly, when it is time to strip out unnecessary bureaucracy in order to gather additional resources for use at the front line – in vaccination programmes, peacekeeping, battling climate change and countless other important endeavours – the UN must be able to identify the waste and boldly take the steps to eradicate it.
20. Mr. Chairman, and members of the Fifth Committee, our Board remains committed to assisting you and management in successfully implementing the transformation programmes you have and your wider vision for how this organisation should be. We

stand ready, of course, to provide any support and advice we can. And I personally thank you once again for the opportunity to make this address to you.

21. This concludes my statement.