

**Report of the Office of Internal Oversight Services (OIOS)
on the governance mechanisms and related processes in the
Office of Investment Management
of the United Nations Joint Staff Pension Fund**

A/75/215*

**Statement to the Fifth Committee by the
Under Secretary General for Internal Oversight Services
Fatoumata Ndiaye
30 November 2020**

Mr. Chairman, distinguished members of the Fifth Committee,

I have the honour to introduce to you the report of the Office of Internal Oversight Services (OIOS) on the governance mechanisms and related processes in the Office of Investment Management of the United Nations Joint Staff Pension Fund, contained in document A/75/215*.

OIOS submits to you this report at the request of the General Assembly in its resolution 74/263.

The audit showed that governance mechanisms and related processes in the Office of Investment Management need to be strengthened by: (i) revising the delegation of authority and terms of reference for the Representative of the Secretary-General for the investment of the assets of the Pension Fund to focus the responsibility and authority of the Representative on setting investment policy and strategy and providing oversight over investment management; (ii) suitably redefining the role of the Director in the Office to lead investment decision-making within the parameters of the investment policy and strategy under the oversight of the Representative; and (iii) developing and implementing a culture transformation programme to cultivate a harmonious, high-performing and ethical culture in the Office. OIOS considers these areas to be of critical importance.

Other areas for improving the governance arrangements included: (i) revising the terms of reference of the Investments Committee as appropriate to strengthen its relative independence; (ii) strengthening the operational independence of the Risk and Compliance group; (iii) enhancing the effectiveness of the internal committees established in the Office of Investment Management; (iv)

conducting a bottom-up workforce planning exercise to determine capacity gaps and address them as appropriate to implement the investment strategy in a cost-effective manner; (v) reviewing the validity of the inputs used for the 2019 Asset and Liability Management study and strategic asset allocation, taking into consideration the subsequent changes in the economic/market environment; (vi) reassessing the appropriateness of the benchmark for Fixed Income and clarifying in the investment procedures the steps to be followed for changing the policy benchmarks; (vii) enhancing transparency in the investment policy statement; (viii) reviewing the compact between the Secretary-General and the Representative to strengthen accountability for both short- and long-term performance; and (ix) developing and implementing detailed disclosure and recusal procedures to manage potential conflict of interest situations effectively in the best interests of the Fund.

The Executive Office of the Secretary-General accepted all ten recommendations and has initiated action to implement them in coordination with the Office of Investment Management.

Mr. Chairman, distinguished delegates,

OIOS is of the view that the present report provides an opportunity to review the existing governance mechanisms of the Office of Investment Management and bring about appropriate changes to strengthen its governance and effectiveness.

Thank you, Mr. Chairman.