

Agenda Item 133

Activities of the Independent Audit Advisory Committee for the period 1 August 2020 to 31 July 2021 Report of the Independent Audit Advisory Committee (A/76/270)

Statement by Janet St. Laurent
Chair, Independent Audit Advisory Committee

5 October 2021

Mr. Chairman, distinguished delegates,

I have the honour to introduce the annual report of the Independent Audit Advisory Committee (the Committee), A/76/270, on its activities for the period 1 August 2020 to 31 July 2021. This report was prepared in accordance with the Committee's terms of reference as set out in the annex to the General Assembly resolution 61/275.

The report before you contains the detailed views and recommendations of the Committee. In the interest of time, I will focus on highlighting several key issues from the report in this statement:

The Committee looked at the **trends in the implementation rates of the recommendations** of the three oversight bodies and noted that the rate of implementation of the Board of Auditors' (BOA) recommendations, although registering an improvement, continues to be low, especially when compared with other entities under the BOA's purview. The overall implementation rate for Funds and Programmes outside of the Secretariat's purview continued to improve from 58 per cent in 2019 to 66 per cent in 2020. The implementation rate of entities within the Secretariat's purview also increased, albeit at a slower rate from 25 to 34 per cent during the same period. Moreover, two entities' implementation rates declined.

The Committee believes that Management's effort to encourage senior managers to pay increased attention to the implementation of the BOA's recommendations is beginning to bear fruit since all the Secretariat entities, except for UN-Habitat and the International Residual Mechanism for Criminal Tribunals, have shown improvements in the implementation rates. The Committee believes that the lessons learned from the root cause analysis that the Secretariat is conducting should help lead to more timely implementation of the BOA's recommendations.

On **risk management and internal control framework of the Organization**, the Committee is aware that the usefulness of enterprise risk management depends on several factors, including how robust the risk register and the risk mitigation plans are and how embedded enterprise risk management is in the Organization.

The Committee believes that enterprise risk management is headed in the right direction in prioritizing a robust enterprise risk management framework as part of the accountability

system. The Committee will continue to monitor Management's efforts to expand the implementation of enterprise risk management throughout the Organization.

Regarding the **effectiveness, efficiency, and impact of the audit activities and other functions of the Office of Internal Oversight Services**, the Committee focused on strategic planning, performance measurement; organizational culture; the investigation function; and the role of OIOS in the 2030 Agenda for sustainable development goals (SDGs).

On performance audit and evaluation, the Committee's prior report noted that OIOS had decided that all "non-programmatic" departments, such as the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, would be subject to performance auditing by the Internal Audit Division (IAD) rather than through the previous approach whereby programme evaluations were conducted by the Inspection and Evaluation Division (IED).

The Committee notes that the current performance audits address specific elements within a department, whereas the evaluation work done by IED used to look at a department as a whole. The Committee recommends that OIOS consider the need for holistic department-wide assessments of non-programmatic departments in its future workplans.

On the implementation of recommendations of OIOS, the Committee believes that timely implementation of oversight bodies' recommendations is key to addressing the risks that could adversely impact on the Organization's ability to achieve its objectives. The Committee, therefore, is of the view that there is still room for improvement in the timely implementation of recommendations.

On strengthening the investigation function, while the average length of an investigation has increased from 10.8 months to 11.7 months, the Committee notes that the Investigation Division's (ID) caseload has also risen. The fact that investigations taking more than one year to complete went up from 18 per cent last year to 29 per cent of the cases continues to be worrying. The Committee previously reported that best practice and due process require that investigations be carried out with dispatch to deter impunity and feelings of uncertainty in the workplace. The Committee, therefore, continues to urge ID to increase its focus on completing investigations in a timely manner. The Committee also reiterates its prior recommendations that the ID analyses the root causes of why investigations exceed targeted time frames, including any constraints on resources, and propose solutions to improve time frames.

With respect to trends in **financial reporting**, the Committee congratulates the Organization for the achievement of issuing its first statement on internal control. The Committee agrees with the assessment of the Advisory Group that the development of a statement on internal control requires continuous improvement and that the Organization needs time for the process for the statement on internal control to mature.

On the trends in After Service Health Insurance (ASHI) as presented in the current Board of Auditors' reports, the Committee noted that ASHI liabilities increased from \$5.39 billion

(Vol. I) as of 31 December 2019 to \$5.89 billion as of 31 December 2020, representing an increase of 9.3 per cent. For the peacekeeping operations, the liability decreased from \$1.67 billion the previous year to \$1.57 billion as at 31 December 2020. The Committee continues to believe that for the United Nations to have after-service health insurance liabilities making up the largest share (currently 75 per cent) of the total liabilities presents a significant risk. The Committee, therefore, recommends that the General Assembly consider alternative ASHI liability funding strategies to mitigate this risk.

On behalf of the members of the IAAC, I thank you for the opportunity to present the IAAC's annual report, and I look forward to answering any follow-up questions you may have during the informal deliberations.