

**STATEMENT TO THE FIFTH COMMITTEE
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FOR INTERNAL OVERSIGHT SERVICES**

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Mr. Chairman, distinguished members of the Fifth Committee,

I have the honour to introduce to you the **Annual Report of the Office of Internal Oversight Services**, contained in documents A/61/264(Part I) and Add.1, covering the period 1 July 2005 - 30 June 2006. Please note that the report does not include the results of OIOS' peacekeeping oversight activities. These will be reported to the General Assembly separately, in Part II of this report, during the resumed part of the sixty-first session.

During the period, the Office issued 1,919 recommendations in 234 reports. Addendum 1 of the report includes an overall assessment of the implementation of these recommendations, including statistics, and a review of the critical recommendations from past periods that have yet to be fully implemented. While the responsibility to take action on the recommendations issued rests squarely with programme managers, OIOS will continue to remain vigilant and proactive in following-up on the implementation, until completed satisfactorily. To help us achieve this, we have launched a new recommendation monitoring system, called *Issue Track*.

The report focuses on five areas that OIOS considered to be of highest risk in the current environment in which the United Nations operates: Health, Security and Safety; Programme Management; Information and Communications Technology; the Capital Master Plan project; and Integrity. These were deemed significant areas of risk due to their vulnerability to inefficiencies, ineffectiveness, lack of accountability, misconduct, mismanagement, waste of resources or abuse of authority. Section V of the report provides a synopsis of OIOS' oversight findings in these five areas. The Section also gives an overview of the results of OIOS activities in five key entities for which the Office provides continuous oversight services. These are the Department of Management; OCHA; UNHCR; the Pension Fund; and UNCC.

Among the highlights of OIOS activities in this period, the Office conducted a thematic evaluation of knowledge management networks which found that the Organization had limited capacity to store, share and utilize its knowledge assets.

We developed an ICT auditing strategy and conducted audits of ICT management at ECE and UNCTAD, respectively, which disclosed the need for improvement in the areas of IT governance, strategic planning, access security and contingency and business continuity planning. We provided continuous audit coverage of the Capital Master Plan project, which is the most ambitious construction project the Organization has ever taken. OIOS also commenced a quick impact audit of the Organization's compliance with the Pandemic

Planning and Preparedness Guidelines which showed varying degrees of success in the completion of contingency plans by United Nations entities for the event of a pandemic, such as the avian flu.

We undertook investigations of potential fraud in the United Nations procurement activities. For this purpose, a special OIOS Procurement Task Force was established in January 2006. An investigation into reports of alleged misuse of vehicles resulted in a senior official being found to have inappropriately used United Nations vehicles and drivers for private purposes.

During this reporting period OIOS also completed the programme performance report of the United Nations for the biennium 2004-2005.

The increased emphasis of the Office in risk-based oversight marks a change in how we plan our work and allocate our resources. Although OIOS has factored risk into work planning decisions in the past, the Office recognized it was in need of a more rigorous and systematic mechanism to enable it to prioritize among competing demands, and focus its scarce resources on what matters most to the Organization. The existence of risk can lead to the Organization to fail in the achievement of its objectives. Uncertainty is something that should be managed to the extent possible so that pitfalls and negative surprises can be avoided.

Over the past year, we have developed a structured risk assessment methodology and designed a plan to ensure risk is thoroughly assessed across the spectrum of OIOS' entire oversight universe. This initiative aims to ensure that OIOS work plans are determined by a comprehensive assessment of risk of all departments and offices by the end of 2007. These risk assessments will form the basis for OIOS' resource requirements.

Mr. Chairman, distinguished delegates,

Now is the time for the Organization to institutionalize a culture of risk management, compliance and control consciousness. The implementation of a robust internal control framework, would be an important and necessary step in that direction. The modern concept of internal control starts with the responsibility for upholding the Organization's core values, the organizational culture, risk management and all processes and functions necessary for management to discharge their duties. I stress that: Responsibility for internal control rests with management. The implementation of an internal control framework would also provide the guidelines under which programme managers must take full ownership of internal control, and be called to report on the effectiveness of internal control in the programmes under their leadership.

I thank the Member States for their support during my first year as Under-Secretary-General and I look forward to the important deliberations on strengthening OIOS over the coming months.

Thank you, Mr. Chairman