



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. IMTIAZ HUSSAIN, PERMANENT MISSION OF THE ISLAMIC REPUBLIC OF PAKISTAN TO THE UNITED NATIONS, ON AGENDA ITEM 116: REPORT OF THE OIOS ON THE AUDIT AND INVESTIGATIVE REVIEWS OF THE TSUNAMI RELIEF OPERATIONS CONDUCTED BY THE UN SECRETARIAT FUNDS AND PROGRAMMES AND SPECIALIZED AGENCIES, IN THE FIFTH COMMITTEE OF THE GENERAL ASSEMBLY (New York, 5 March 2007)

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on this important item.

1. We thank the Under-Secretary-General of the Office of Internal Oversight Services, Ms. Inga Britt Ahlenius, for the introduction of the report on the Audit and Investigative Reviews of the Tsunami Relief Operations (A/61/669).
2. This report presented in pursuance of the General Assembly resolution 60/259 provides useful insight into the fragile and weak state of coordination among internal oversight bodies across the UN family of institutions. The Group of 77 and China concurs with the assessment that the UN funds and programmes and specialized agencies, in accordance with article 57, 58 and 63 of the UN Charter are accountable to the General Assembly which also provides a framework for coordination mechanism for complex projects such as tsunami relief operations. The Group wishes to reiterate its strong support for the oversight role performed by the General Assembly.
3. The Group of 77 and China deeply regrets that procedural impediments were used by funds and programmes to prevent sharing of information with OIOS, which adversely affected the presentation of a comprehensive report to General Assembly. The Group will be pursuing the reasons behind this lack of compliance and co-operation by the concerned entities. The Group further regrets that the Secretary-General did not exercise his authority as Chairman of the Chief Executives Board for Coordination to facilitate the exchange of such information. The Group of 77 and China is deeply concerned over such perceived deliberate undermining of the Assembly's oversight role.
4. The Group finds it unfortunate that the General Assembly was deprived of critical information with regards to the extent of transparency and accountability measures that were put in place by the funds and programmes and specialized agencies in utilization of the public funds. Lack of transparency in handling of public funds has caused a great harm to the image of the organization and contributed to erosion of public confidence in this institution. Given the constraints under which the OIOS had to fulfill its mandate, the Group of 77 and China deeply appreciates its useful report. Though it falls short of responding to the General Assembly mandate, yet it provides a sound basis for addressing some long standing systemic issues.
5. Lack of transparency and adequate accountability of the funds and programmes management has been a matter of particular concern to Group of 77 and China. The current report reinforces such concerns. The report clearly indicates that historically there has been a problem in coordination between the oversight bodies of funds and programmes, specialized agencies and the UN Secretariat. The arrangements proposed in the past by the General Assembly, on the recommendation of the Secretary General, such as, (a) regular monthly meetings, (b) compilation

of summary records of internal oversight issues of each fund and programme by the OIOS, (c) the OIOS's authority to seek and obtain relevant information from the internal oversight entities or the concerned executive heads, (d) establishment of internal audit committees have not been effective in ensuring a well defined coordination arrangement among internal oversight bodies.

6. The Group of 77 and China notes with concern that the four major initiatives in the context of tsunami relief operations to ensure transparency and accountability through (a) common financial practicing system, (b) coordinated procedure for monitoring and evaluation of programmatic performance, (c) independent oversight by the Board of Auditors and oversight entities of the management of tsunami programmes by organizations of the UN system and (d) activities to promote risk management, transparency and accountability, were not fully implemented, since they were not well defined and not available in a single comprehensive document to all stake holders. Of equal concern to the Group is the fact that the financial tracking system was applied only to 8.4% of the total 13 billion dollars contributions received for tsunami relief and reconstruction operations.

7. The Group appreciates the report of Board of Auditors that contained the results of the audits of tsunami activities of several UN entities, as well as the reference to some of the findings of the Board in the report of the OIOS. The Group supports co-ordination between the Board of Auditors and the OIOS within their respective mandates and regrets that the Secretariat has used the audit of the external auditors as reasoning for not co-operating with the OIOS. In this regard, we wish to stress that the report of the Board should not have been seen by the Secretariat as a substitute to the consolidated report of the OIOS requested in resolution 60/259. The Group of 77 and China notes with concern the observations of the Board of Auditors with regards to deficiencies in monitoring financial flows as contained in paragraph 23 of the OIOS report. These observations provide a strong basis for the comprehensive internal control framework. The Group looks forward to considering the full audit report of the Board of Auditors once it has been finalised.

8. The Group of 77 and China is particularly concerned that such a complex and multidimensional operation was carried out without a cohesive internal control policy, with clearly defined components of internal control and management's responsibility for controlling the operations of the organizations, actions on the part of the management to undertake to fulfill those responsibilities and accountability for the use of public resources. The UN would be well advised to put in place such comprehensive framework before it takes over the responsibilities in other major operations. It is essential to put in place measures to avoid duplication and competition between and among agencies in delivery of assistance during major disasters. The experience during the tsunami disaster can be a valuable experience in this regard. We would strongly request the Secretary General to initiate the formulation of comprehensive internal control policy that could govern all aspect of large scale and complex operations in collaboration with the OIOS, the funds and programmes and specialized agencies and report to the General Assembly at its future sessions. Considerations should be given to including these aspects in the report to be submitted in accordance with General Assembly resolutions 60/260 and 61/245.

9. The Group of 77 and China fully supports the valuable recommendations of the OIOS and looks forward to consultations for appropriate action to ensure their implementation. It is imperative for the UN to develop a cohesive internal control framework, effective risk management mechanism for successful execution of operations such as tsunami relief in accordance with the highest standards of accountability and transparency.

I thank you, Mr. Chairman.