



**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 ITEMS 116, 117, 122, 123 AND 132: UPDATED TERMS OF REFERENCE FOR THE INDEPENDENT AUDIT ADVISORY COMMITTEE AND STRENGTHENING OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (New York, 7 May 2007)**

Mr. Chairman,

I have the honour to make this statement on behalf of the Group of 77 and China.

2. Mr. Chairman, we would like to thank Mr. Warren Sach, Controller, for introducing the Secretary-General's reports A/61/610, A/61/810 and A/61/812 under the agenda items under consideration. We would also like to thank Mr. Rajat Saha, Chairman ACABQ, for introducing the Committee's reports in document A/61/825 and A/61/880.
3. The Group of 77 and China would like to reaffirm the role of the General Assembly as the principal oversight and policy-making body of the United Nations, in accordance with Article 17 of the UN Charter. The Group would like to further reaffirm that as an inter-governmental organization the creation of new structure or institutions in the United Nations is a prerogative of its Member States.
4. The Group of 77 and China would like to reiterate its support for the establishment of a transparent and effective system of accountability and responsibility in the United Nations. In the context of ongoing Management and Secretariat reform, the Group of 77 and China has called for a coherent and well defined accountability and oversight framework in the United Nations.
5. The Group of 77 and China trusts that the creation of an Independent Audit Advisory Committee (IAAC) will contribute to the efforts to improve accountability of the Secretariat towards Member States and create a comprehensive management accountability and oversight framework in the United Nations. The Group would like to emphasize the paramount role of the General Assembly in the entire process of establishing this Committee, defining its terms of reference, qualification criteria of its members and its verification, its reporting line and its compensation package. None of these functions would be outsourced to any other institution. The United Nations has the necessary technical expertise to accomplish this task without external consultancy. Furthermore, the composition of the Committee has to respect the principle of equitable geographic representation.
6. The Group of 77 and China supports the establishment of IAAC, as a subsidiary and expert advisory body to the General Assembly, with a view to ensuring the implementation of the recommendations of the OIOS and Board of Auditors, as well as examining the work plan of the OIOS. The Group of 77 and China would find it difficult to assign IAAC a role that goes beyond the status of an advisory body. The Group would oppose attempts to use IAAC as an instrument to influence or undermine the oversight authority of the General Assembly, Board of Auditors and the OIOS under the pretext of strengthening oversight or accountability in the Organization. Similar attempts had been resisted by the Group in the past and would continue to guide our approach in these matters in future.

7. The Group of 77 and China would like to reiterate that the IAAC should not have any operational role with regard to the budget or any other substantive functions of the OIOS as well as the Board of Auditors. The terms of reference and functions of these entities have been established in the relevant resolutions of the General Assembly and the financial rules and regulations of the United Nations.

Mr. Chairman,

8. With regard to the strengthening of the OIOS, the Group of 77 and China would underline the need for strong mutual cooperation between the Secretary-General and OIOS within their respective mandates. While Management is obligated to develop and implement an internal control framework and necessary mechanisms to assess and manage risks, the OIOS must provide objective oversight to support Management in the process. We look forward to the information that the Secretary-General would be presenting to the General Assembly with regards to the consultations with the OIOS on the steps taken to improve the working relations between the two offices.

9. The Group of 77 and China, in conformity with resolution 48/218B, considers OIOS a part of the Secretariat discharging of its mandate as an operationally independent function under the authority of the Secretary-General. The Group supports the importance of necessary operational independence as a principle of good governance and oversight and is ready to engage in discussions for establishing an appropriate modality to achieve this objective.

10. The Group of 77 and China supports the transfer of the management consulting functions responsibility for preparation of the programme performance report and the related posts from the OIOS to the Department of Management. The Group however, does not see any linkage between transfer of these resources and the additional posts requested to strengthen evaluation and inspection. The Group looks forward to receiving further clarifications from the OIOS and the Secretariat on these proposals, as well as how the proposals will improve the monitoring and evaluation functions of the OIOS.

11. The Group of 77 and China notes the new funding arrangement for the OIOS as proposed in A/61/810. Under the proposed funding arrangement, the Independent Audit Advisory Committee whose terms of reference have yet to be agreed by the General Assembly would examine the basis for the OIOS work plan and review its budget. The extent of the role that Management should play in the OIOS budget after the establishment of the IAAC deserves careful consideration. Similarly, the Group would like to seek further clarification with regard to utilizing the contingency fund for meeting the unforeseen needs. The Group of 77 and China, taking into consideration the recommendations of the ACABQ, agrees with the need for a revised report by the Secretary-General at the future sessions.

12. In conclusion, the Group of 77 and China wishes to emphasize the importance that it attaches to the strengthening of the monitoring and evaluation functions in the Organisation. It will be recalled that the General Assembly has requested the Secretary-General to ensure more extensive and uniform use of self-evaluation at the programme and sub-programme levels, as well as to develop and implement common professional standards and methodologies for self-evaluation throughout the United Nations system, in consultation with the United Nations System Chief Executives Board for Coordination. The Group will appreciate it if the Secretariat in the formal session could provide the Committee with a status report on its efforts to this request of the

Assembly, bearing in mind that the Secretary-General has been requested to report on the measures taken to the Assembly at its 62nd session.

13. The Group of 77 and China would like to assure you of its constructive approach in the negotiations on these important reports.

I thank you Mr. Chairman.

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