



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY MR. IMTIAZ HUSSAIN, MINISTER, PERMANENT MISSION OF PAKISTAN TO THE UNITED NATIONS, ON THE ANNUAL REPORT OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (A/62/281) UNDER AGENDA ITEM 136: REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES, AT THE FIFTH COMMITTEE DURING THE MAIN PART OF THE 62ND SESSION OF THE GENERAL ASSEMBLY (New York, 10 October 2007)**

Mr. Chairman,

I have the honour to speak on behalf of the Group of 77 and China on agenda item 136.

p>2. The Group of 77 and China wishes to thank the Under-Secretary-General for the Office of Internal Oversight Services (OIOS), Ms. Inga-Britt Ahlenius, for introducing the reports that are before us today (A/62/281 (Part I) and Add.1 and A/62/176. We also wish to thank the Controller, Mr. Sachs, and the representative of DESA for introducing the reports of the Secretary-General, as well as the response of DESA to the findings of the OIOS.

3. The Group would like to reiterate its support to the operational independence of the OIOS within the context of the resolution 48/218 B, and its role to assist the Secretary General in fulfilling his internal oversight responsibilities, in respect of the resources and staff of the organization, through internal audit, monitoring, inspection, evaluation and investigation.

4. The Group of 77 and China notes that the OIOS issued 1792 recommendations on internal control, accountability mechanism, organizational efficiency and effectiveness. We are pleased to note the positive development in the implementation rate of general and critical recommendations, within one year of issuance, by 10 and 9% respectively. The Group of 77 and China notes the financial savings of 12.8 million dollars that have resulted from the recoveries of overall amount of 27.8 million dollars identified by the OIOS. The Group, however, notes with concern that certain entities have consistently failed to provide information about the implementation of the OIOS recommendations. The Group would like to emphasize the importance of implementation of the recommendations and full cooperation of all departments with the OIOS.

5. The Group is particularly concerned with some recommendations that have either not been accepted, or where the management has failed to take swift and adequate action. The issues raised in the report A/62/281/Add.1 are extremely serious. The Group of 77 and China hopes that the reports and recommendations issued to the Programme Managers would be fully implemented.

6. The Group notes with concern serious deficiencies in internal control and the organization's exposure to serious risk of mismanagement and fraud in procurement as found out by the 22 reports procurement task force. The amounts involved in the reported incidents of abuse of authority and procedures are significant. Given the importance of the issue and as the principal oversight organ of the Organization, the Group would like the OIOS to provide these reports to the General Assembly expeditiously. We would also like to have details on the funding arrangements of the PTF, as well as the amount of resources spent to date in carrying out the procurement related investigations.

7. The Group would like to appreciate the OIOS's initiative for cooperation and coordination with other UN oversight entities - Board of Auditors and JIU. Similarly the OIOS's participation in the system wide professional networks, lending its expertise to train, support and providing input to the management's organizational activities deserve our appreciation.
8. The Group of 77 and China notes the ongoing work of the OIOS for developing a risk assessment methodology in accordance with international standards. The Group of 77 and China believes that a comprehensive discussion on the funding arrangement of the OIOS would be possible after the OIOS presents fully risk based work plan for the 2008, which would be reviewed by the Independent Audit Advisory Committee.
9. The quality of human resources employed by the OIOS is critical to its output. We look forward to the outcome of the external assessment of the current state of knowledge, skills and ability of its staff against needs and standards and to determine current and future training needs. The Group notes the OIOS's repeated concerns over the urgent need of the introduction of internal control policy including a risk management policy in the UN Secretariat. The Group would also like to reiterate the urgent implementation of an internal control framework which is critical for a controlled environment and accountability in the organization.
10. The Group of 77 and China notes the various internal reform initiatives of the Office to improve its investigative, inspection and evaluation divisions as well as to strengthen its executive office. We would like to stress that the reports on the external reviews of the various departments of the OIOS should be shared with the General Assembly. We would like to reiterate the importance of achieving the goals of equitable geographic distribution and hiring suitably qualified personnel in the Office.
11. The Group of 77 and China notes the OIOS's continuous efforts to improve its oversight strategies and methodologies in accordance with international standards. The OIOS's classification of its work in seven risk categories reflects a comprehensive approach that covers full spectrum of potential risks faced by the United Nations. We agree that addressing these seven risk categories, including; strategy, governance, compliance, financial resources, operational, human resources and information resources would be critical to strengthen the internal controls in the organization. This report spells out action on the part of the management of several entities which face risks in various categories to avoid the loss of its precious resources.
12. The Group of 77 and China notes the updating of the OIOS's work on the Capital Master Plan and the United Nations Compensation Commission. The Group attaches high importance to timely completion of the Capital Master Plan as outlined in the resolution 61/251. We note that most of the recommendations have been accepted by the management. We would emphasize that the three open recommendations concerning, the incorporation of UN general conditions of contract in the three construction phase agreements, the draft construction management service agreement and establishment of a working group of CMP, OLA and DM procurement service to develop internal procedures for resolving claim disputes in other contractual matters would also be implemented fully. The Group of 77 is concerned over the lack of implementation of the OIOS's recommendation by the United Nations Compensation Commission as well as the inadequacies in its internal control and other financial procedures. We hope that the issues raised by the OIOS in its four assignments on the duplicate claims, transfer of funds to the actual claimants, its strategic planning process and financial monitoring reviews would be fully addressed in its future activities.

Mr. Chairman,

13. The Group of 77 and China also takes note of the report on the audit of Thessaloniki Centre for Public Service to professionalism document A /62/176. We share the concern over the low level of substantive activities by the Center in the period 2004 and 2005. The issues referred to by the OIOS including sufficient planning and monitoring and human resources management by DESA should be urgently addressed. We are hopeful that the OIOS's recommendations would be fully implemented.

I thank you, Mr. Chairman.

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