

Agenda Item 133

Activities of the Independent Audit Advisory Committee for the period 1 August 2018 to 31 July 2019

Report of the Independent Audit Advisory Committee (A/74/280)

Statement by Patricia Arriagada Villouta Chair, Independent Audit Advisory Committee

11 October 2019

Mr. Chairman, distinguished delegates,

I have the honour to introduce the annual report of the Independent Audit Advisory Committee (the Committee), A/74/280, on its activities for the period 1 August 2018 to 31 July 2019. 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, observations and recommendations of the Committee which, in the interest of time, I will not enumerate here. Nevertheless, there are some issues that I will highlight in this statement:

The first aspect of the Committee's mandate is to advise the Assembly on measures to ensure **compliance of management with audit and other oversight recommendations of United Nations oversight bodies.**

The Committee looked at the implementation rates of the recommendations of the three oversight bodies and noted that there was an unusually low rate of implementation of the Board of Auditors recommendations when it comes to some entities of the Secretariat such as non-peacekeeping operation where the rate stood at 8%.

Turning to the second aspect of the mandate of the IAAC, **risk management and internal control framework**, the Committee believes that top management's effort is needed to continue to actively lead enterprise risk management (ERM) so as to ensure that identifying and managing risks become standard ways of doing business across the Organization.

In the context of ERM, the Committee looked at the organizational culture as a top risk and it believes that for a start, Management needs to be clear about: (a) the values and behaviours that will help the Organization to excel; (b) how the incentives, policies and controls they are designing will support the entities' purpose and desired culture; and (c) the behaviours for which there will be zero tolerance.

Mr. Chairman, distinguished delegates,

Regarding the third aspect of the mandate of the Committee: **effectiveness, efficiency and impact of the audit activities and other functions of the Office of Internal Oversight Services**

The Committee focused on: Strategic planning, OIOS effectiveness and performance measurement; strengthening the investigation function; and matters associated with the 2030 Agenda. I will touch on a few key findings in some of these areas.

With respect to performance audit the Committee followed on its prior recommendation, that OIOS should clearly identify the steps it plans to take to improve its capability to conduct performance audits. In response, OIOS noted that it conducts many audits where the audit objective refers to economy, efficiency and/or effectiveness, and thus is systematically including elements of performance auditing in most of its audits.

Turning now to **strengthening the investigation function**, according to OIOS, the ID vacancy rate had not improved, but had in fact worsened, from 11.5 per cent, in 2018, to 22.1 per cent, in 2019, with the peacekeeping section of the Division registering a vacancy rate of 25.8 per cent at 30 June 2019.

With respect to delays in finalizing investigations of retaliation cases, the Committee continues to believe that the timeliness with which an investigation is completed is an essential element of an effective accountability system. While the average length of an investigation has been brought down to 11.5 months; this is still longer than the six-month period prescribed by OIOS in its own programme impact pathways.

The Committee therefore encourages the Division to analyse the root causes of why investigations exceed targeted time frames, including any constraints on resources, and to propose solutions to improve time frames.

Mr. Chairman, distinguished delegates,

Moving to the fourth aspect of the Committee's mandate, concerning **financial reporting**, the Committee looked at the enterprise resource planning (Umoja), the internal control system and anti-fraud policy and ASHI. In the interest of time, I will touch on the first two.

With regards to **Umoja**, the Committee continues to welcome the progress achieved in implementing Umoja. Nevertheless, the Committee is aware of the December 2019 deadline to complete the implementation-of Umoja and calls on Management to ensure that all the critical modules are in place by that time.

With respect to **internal control system** the Committee reiterates its position that the statement of internal control is an important accountability tool through which an organization provides assurances that it was appropriately managing and controlling the resources under its responsibility. The Committee commends the progress made so far, supports Management's decision to expand the scope of the statement of internal control to include controls over operations, and will continue to monitor and report on the status thereof in future reports.

Mr. Chairman, distinguished delegates,

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 deliberations.

Thank you.