



Fifth Committee Report No. 13 14-29 May 2007

*During the past two weeks, Fifth Committee delegates reportedly continued discussions on the **Reform of the Oversight and Governance systems** of the UN. A draft resolution establishing the Independent Audit Advisory Committee (IAAC) and deciding the modalities for the strengthening of the Office of Internal Oversight Services (OIOS) is currently under negotiation. Member States also discussed the **Financial Situation of the UN**. Other matters on the agenda of the Fifth Committee include: a draft resolution regarding **peacekeeping cross cutting issues**, and the financing of Missions in Kosovo, Georgia, Cyprus, Middle East and Liberia.*

OVERSIGHT AND GOVERNANCE

During the past few weeks Member States continued negotiations on the **terms of reference of the IAAC** and the **strengthening of the Office of Internal Oversight Services** at 'informal informals' meetings.

TERMS OF REFERENCE FOR THE IAAC:

With respect to the **selection of the members** of the IAAC, the membership is divided on the issue of who should nominate the candidates for the IAAC to the GA. The **G77** proposed that a Nomination Committee, composed by the Secretary-General (SG), the President of the General Assembly (PGA), the Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Chairman of the International Civil Service Commission (ICSC), be established.

The **EU** and **CANZ** do not agree with this proposal, preferring an arrangement that would have an outside body, such as IFAC (International Federation of Accountants) or INTOSAI (International Organization of Supreme Audit Institutions) to propose potential candidates to the GA for appointment to the IAAC. Outside expertise would guarantee the independence of the selection from any internal UN constituency. The **G77** and China, however, do not favor this. The **G77** finds both organizations to be distinctly western oriented and fears that they would be biased in their choice of candidates, and the Group has much insisted on the importance of a geographically balanced membership of the IAAC. In addition, China expressed objections to IFAC as Taiwan is a member of the organization.

Conditions of service for the members of the IAAC were also discussed. The EU insists that the operational and financial independence of the candidates be guaranteed, and to this end it suggests that IAAC members be compensated through a flat fee reimbursement. Other Member States however seem to think this issue of less importance, and most agree on compensation through a per diem, or daily subsistence allowance.

With regards to the **membership** of the IAAC, agreement was reached that the Committee shall be comprised of five members. The members should represent each of the five regions with due regard to the principle of rotation among Member States.

While debating the **rules and procedures** for the IAAC, delegates looked at [rules and procedures of the Committee on Contributions](#) and of the [ACABQ](#). Member States have not yet agreed on the reporting requirements for the IAAC. Would the IAAC report directly to the GA or through the ACABQ?

- [IAAC TIMELINE](#)

STRENGTHENING OF THE OIOS:

Member States also continued discussions on the strengthening of the OIOS. Member States are expected to approve the revised estimates for the OIOS, proposed by the Secretary General with the aim to expand its functions.

The revision of the current funding arrangements of the OIOS, which contribute to undermining its independence from management hence its overall effectiveness, will not be included in this resolution on the strengthening of the OIOS. The G77 declared that it is not ready to tackle this issue at the moment.¹

Within the context of the reform of the oversight and governance systems of the UN, Member States reiterated their request that risk assessment, as a key component of internal controls, be part of the work of the OIOS which will be required to provide further support to management in implementing the risk assessment framework.

The Office of Internal Oversight Services provided a presentation of the [OIOS' Risk Assessment Framework](#).

FINANCIAL SITUATION OF THE UNITED NATIONS

On Friday, 18 May 2007, Under-Secretary-General (USG) for Management Alicia Barcena, briefed Member States on the Financial Situation of the United Nations. Delivering her [statement](#), she warned Member States that the regular budget position of the United Nations is weaker compared to last year: unpaid assessments had risen to \$1.31 billion, with 7 countries accounting for 96 per cent of the total. More than three quarters of the current unpaid contributions were owed by the United States and Japan, amounting to \$785 million and \$246 million, respectively.

For a full account:

- [Under-Secretary-General for Management briefs Fifth Committee on Financial Situation; Reviews Status of Assessments Issued, Unpaid Assessments, Cash on Hand, Debt to Member States](#), DPI Press Release, 18 May 2007

RELATED DOCUMENTS

- [Power-point presentation: the United Nations Financial Situation](#)
- [Estimated amounts owed to Governments providing Troops/Formed Police Units, Equipment, etc...for Peacekeeping](#)
- [Statement of USG for Management Alicia Barcena on the Financial Situation of the United Nations](#)

Member States continued discussions on the financial situation of the United Nations on Friday 25 May 2007.

- [United Nations needs full, timely Payments to improve Financial Situation, Budget Committee told](#), DPI Report, 25 May 2007

OTHER ISSUES

- [Fifth Committee takes up Peacekeeping Budgets for Lebanon, Timor-Leste; also begins Discussion on consolidating Peacekeeping Accounts](#), DPI Report, 24 May 2007

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