

Highlights of [GAO-06-575](#), a report to congressional committees

Why GAO Did This Study

With contributions to United Nations (UN) organizations totaling more than \$1.6 billion in 2006-2007, the United States has advocated strong UN oversight. In 1994, the United States provided support to establish the Office of Internal Oversight Services (OIOS). The findings of the Independent Inquiry Committee (IIC) into the Oil for Food Program have renewed concerns about UN oversight, and the 2005 World Summit proposed actions to improve OIOS. We were asked to examine (1) the extent to which UN funding arrangements for OIOS ensure independent oversight, and (2) the consistency of OIOS practices with key international auditing standards.

What GAO Recommends

We recommend that the Secretary of State and the Permanent Representative of the United States to the UN work with member states to support budgetary independence for OIOS, complete a risk management framework, develop a workforce planning methodology, report to the General Assembly on risk and control issues facing the UN, and institute mandatory training requirements, among other things.

The Department of State and OIOS generally agreed with our overall findings and recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-575.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Thomas Melito (202) 512-9601 (MelitoT@gao.gov).

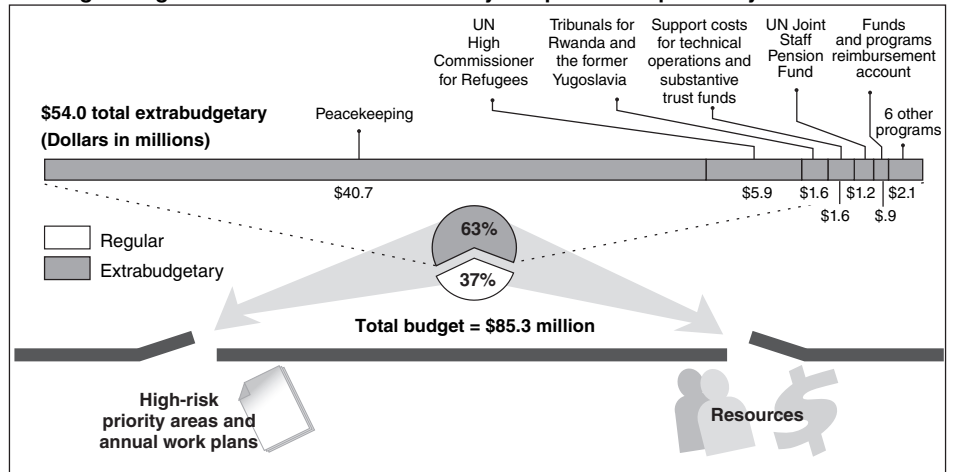
UNITED NATIONS

Funding Arrangements Impede Independence of Internal Auditors

What GAO Found

UN funding arrangements constrain OIOS's ability to operate independently as mandated by the General Assembly and required by international auditing standards that OIOS has adopted. First, while OIOS is funded by a regular budget and 12 other revenue streams, UN financial rules severely limit OIOS's ability to reallocate resources among revenue streams, locations, and operating divisions. Thus, OIOS cannot always direct resources at high-risk areas when they arise. Second, OIOS is dependent on the funds, programs, and other entities it audits for reimbursement for its services. The managers of the programs OIOS intends to examine can deny OIOS permission to perform work or not pay OIOS for services. UN entities could thus avoid OIOS audits or investigations, and high-risk areas can be and have been excluded from examination.

Funding Arrangements Constrain OIOS's Ability to Operate Independently



Source: GAO analysis of OIOS data.

OIOS has begun to implement key measures for effective oversight, but some of its practices fall short of applicable international auditing standards. OIOS develops an annual work plan, but the risk management framework on which the work plans are based is not fully implemented. Moreover, OIOS annual reports do not assess risk and control issues facing the UN organization or the consequences if these are not addressed. OIOS officials report that the office does not have adequate resources, but they also do not have a mechanism to determine appropriate staffing levels. Moreover, OIOS has no mandatory training curriculum for staff or systematic procedures for ensuring the reliability of data used for their audits. OIOS also does not require all staff to document their independence. Although two OIOS divisions have recently undergone external reviews, the other two have not undergone such a review within the last 5 years. OIOS monitors and reports on the status of its recommendations and is making efforts to improve follow up on oversight recommendations.