



3. My statement builds on my remarks last year, but also more recent discussions with the United Nations Management Committee and my own experiences of seeing at first hand the High Commissioner for Refugees' operations in Jordan. There is nothing in what I am saying t(e)6(m1fact <</2(ng)0(ou no)-2(0(e)4( )-10(I)13( Tc 0.084 Tw 23.9014(T

7. Most importantly it is vital that increasingly constrained resources get to those who desperately need them, and are not locked into administrative overheads, entrenched methods of operating or inflexible structures. I am sure you share this view. It is something I have been reflecting on, and something that has been reinforced since seeing first-hand the delivery of frontline United Nations operations. Fundamentally, while financial pressures or challenges may be an important driver, the need to drive towards improved value for money in administration is a worthwhile and ethical aim in itself. In other words the United Nation's system should be using its resources to best effect because of the needs of those whom it serves. In this regard the need for greater transparency and downward pressure on administrative overheads is a feature of many of our reports, and a theme the Board will continue to examine.

**Important messages from the recent suite of emerging reports**

8. Turning to the Board's current reports, we have provided a large number of reports across an array of diverse and important organisations and topics. For example, you will see a strong theme in many reports on the need for improved management of implementing partners in global operations and the need for robust selection and monitoring processes. You will of course be discussing the underlying detail in our reports with the Audit Operations Committee over the coming weeks.
9. But I would like to highlight four important findings, and I make no apology that these are focused on the United Nations:

- Enterprise risk management
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organisations.

potentially more challenging roll-outs across the Secretariat to come, it is likely that Umoja will cost more than estimated and full functionality may take longer to deliver.

15. So this vital project is at a critical juncture, and management must draw effective lessons from the peacekeeping roll-out experience, and plan the remaining rollouts on a sounder and more realistic footing. At the same time management need to clearly set out the scale of benefits expected and how they will be delivered, so that the Fifth Committee can understand the full costs and benefits expected to aid its decision making; and the benefits to reduced overheads, faster delivery and improved information and decision making should be very considerable.
16. For its part, the Board considers the successful implementation of Umoja is vital and that there is no turning back. The deeply entrenched problems in the current ways of working must be addressed. But to get value from the future spend and arrive at a positive position management must in our view invest much more in business readiness prior to future roll-outs; and plan realistically, providing member states with the best estimate of what realistically the implementation of full functionality will entail. Importantly, the plans should include time and cost provisions for uncertainty and risk to avoid having to keep requesting more funding and undil

18. The Board recognises that the regular budget currently provides value. It provides a clear framework for the delivery of agreed mandates within defined levels of resource; and the process enables member states to arrive at a consensus that legitimises the budget. These worthwhile benefits need to be preserved. And nothing the Board is reporting undermines these important concepts nor have we made any recommendations for radical change. But at the same time, in our view, the process could be significantly improved and provide much more strategic value to the organisation.
19. That is why we make some practical observations and recommendations on how the budget proposal production process can be streamlined from the point at which the budget instructions are sent to departments, to the point at which the Secretary General's proposal is ready to go for printing and translation prior to ACABQ. It is also why we highlight the level of divergence from recognised principles of good practice that apply to any budget process. This work has led us to conclude that the regular budget process takes too long and is not built on a good understanding of the real costs of delivering mandates. Management does not have this information so the budget always reflects what it did cost in the past, not what it should cost or will cost to deliver in the future.
20. The process also reinforces existing structures and costs, because it is an incremental bottom up process with no incentive to offer different ways to allocate resources or reduce costs. The process also costs too much, especially when we see the level of non-value adding activities in the process. The point on the cost of the process is reinforced by the fact that the main elements of the budget change very little over time. Let me be clear. We are not saying that the level of change in the budget across biennia is too low. We are objectively stating that, given staff costs are such a significant part of the budget and because they have not changed much over the last three biennia, there is a low level of change overall, and therefore the production of the budget proposal should cost less than it does.
21. Nor is the regular budget being used as an effective tool for management. Budgets should facilitate financial control, the prioritisation of operational delivery, and

accountability for delivery. If used well they can also facilitate cross-boundary pursuit of value for money and sustainable cost reduction, and support results based budgeting and management. Budgets can also be one of management's primary levers for change. Conditional budgets, even within business units, can be powerful tools. But judged against international best practice criteria the regular budget provides limited strategic value in the areas outlined.

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(peacekeeping, global procurement, humanitarian affairs), and in all of the



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