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**UNITED NATIONS**

**Management Reforms and  
Operational Issues**

Statement of Thomas Melito, Director  
International Affairs and Trade





Highlights of [GAO-08-246T](#), a testimony before the Permanent Subcommittee on Investigations, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

Long-standing problems in United Nations (UN) management underscore the pressing need to reform and modernize the United Nations in areas ranging from management, oversight, and accountability to operational activities in specific countries. The United States has strongly advocated the reform of UN management practices and has also been critical of the restrictions Burma's military regime has imposed on many international organizations in Burma over the past 3 years. This testimony, based on recent GAO reports, discusses (1) management reform efforts at the UN Secretariat since 2006; (2) oversight and accountability in selected UN organizations; and (3) UN and other international organizations' activities in Burma.

## What GAO Recommends

GAO's November 2007 report on UN management reforms recommended that the Secretary of State and the U.S. Permanent Representative to the UN include in State's annual *U.S. Participation in the United Nations* report an assessment of the effectiveness of UN management reforms. GAO's June 2007 report on oversight and accountability recommended that the Secretary of State direct the U.S. missions to work with member states to improve oversight in UN organizations by (1) making audit reports available to the governing bodies and (2) establishing independent audit committees that are accountable to their governing bodies. State generally agreed with all of GAO's recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-246T](#). For more information, contact Thomas Melito, (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).

## UNITED NATIONS

### Management Reforms and Operational Issues

## What GAO Found

GAO's report on UN management reform efforts notes that (1) progress has varied in the five areas GAO examined—ethics, oversight, procurement, management operations of the Secretariat, and review of programs and activities (mandates)—and (2) various factors, such as disagreements among member states, have slowed the pace of progress. The UN ethics office has taken steps to improve organizational ethics, including implementing a whistleblower protection policy, but GAO identified issues that may limit the impact of the policy. The UN has taken steps to improve oversight, including establishing an Independent Audit Advisory Committee. However, UN funding arrangements continue to constrain the independence of the Secretariat's internal audit office and its ability to audit high-risk areas. The UN has taken steps to improve certain procurement practices but has not implemented an independent bid protest system or approved a lead agency concept, which could improve procurement services. The UN has taken steps to improve certain management operations of the Secretariat but has made little or no progress in others. Despite some limited initial actions, the UN's review of mandates has not advanced, due in part to a lack of support by many member states. Finally, the pace of UN management reforms has been slowed by member states' disagreements on reform efforts, lack of comprehensive implementation plans, administrative issues that complicate certain internal processes, and competing UN priorities.

GAO's report on oversight and accountability of selected UN organizations notes that, although the six UN internal audit offices GAO reviewed have made progress in implementing international auditing standards, they have not fully implemented key components of the standards. None of these six organizations require their internal oversight staff to disclose their financial interests. However, GAO found that five of the six organizations have made efforts to increase accountability by establishing whistleblower protection policies and one was developing such a policy. GAO also reported that while the six UN evaluation offices GAO reviewed are working toward implementation of UN evaluation standards, they have not fully implemented them. Finally, GAO reported that the governing bodies responsible for oversight of the six organizations lack full access to internal audit reports.

GAO's report on Burma notes that Burma's military regime has blocked or significantly impeded UN and other international organizations' efforts to address human rights concerns and to help people living in areas affected by ethnic conflict. The regime frustrated international organizations' efforts to monitor forced labor for years before signing an agreement in early 2007; restricted their efforts to assist populations living in conflict areas; and blocked their efforts to monitor prison conditions and conflict situations. The regime has, to a lesser degree, impeded UN food, development, and health programs. However, several UN and other international organization officials told GAO they are still able to achieve meaningful results in their efforts to mitigate some of Burma's humanitarian, health, and development problems.

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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss United Nations (UN) operations in the context of three key issues: (1) the progress of management reform efforts at the UN Secretariat since 2006; (2) weaknesses in oversight and accountability in selected UN organizations; and (3) constraints upon UN and other international organizations' activities in Burma.<sup>1</sup> Events over the past several decades indicate that there is a continuing need to reform and modernize the UN in areas including management, oversight, and accountability. While UN worldwide operations have expanded in complexity and significance, long-standing problems in UN management have contributed to scandals in the Oil for Food program and procurement operations.<sup>2</sup> In addition, various challenges have hindered the ability of some UN organizations to address Burma's most pressing problems. As the largest financial contributor to the UN, the United States has strongly advocated the reform of UN management practices. The United States has also been critical of Burma's military regime, which has blocked or impeded activities undertaken by many international organizations in Burma over the past 3 years.

The work supporting this statement is based on reports we issued in 2007 that focused on management reform efforts at the UN Secretariat since 2006, oversight and accountability in selected UN organizations,<sup>3</sup> and the operating environment for the UN and other international organizations in Burma. See appendix I for detailed information on the objectives, scope, and methodology of each report. We conducted our reviews in accordance with generally accepted government auditing standards.

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<sup>1</sup>This testimony is based on recently completed GAO reports. See GAO, *United Nations: Progress on Management Reform Efforts Has Varied*, [GAO-08-84](#) (Washington, D.C.: Nov. 14, 2007); *United Nations Organizations: Oversight and Accountability Could Be Strengthened by Further Instituting International Best Practices*, [GAO-07-597](#) (Washington, D.C.: June 18, 2007); and *International Organizations: Assistance Programs Constrained in Burma*, [GAO-07-457](#) (Washington, D.C.: Apr. 6, 2007).

<sup>2</sup>We reported on the UN Oil for Food program in *United Nations: Lessons Learned from Oil for Food Program Indicate the Need to Strengthen UN Internal Controls and Oversight*, [GAO-06-330](#) (Washington, D.C.: Apr. 25, 2006) and other reports. We also reported on UN procurement in *United Nations: Procurement Internal Controls Are Weak*, [GAO-06-577](#) (Washington, D.C.: Apr. 25, 2006) and other reports.

<sup>3</sup>The funds and programs include the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF), and the World Food Program (WFP). The specialized agencies include the Food and Agriculture Organization (FAO), the International Labor Organization (ILO), and the World Health Organization (WHO).

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## Summary

In our report on UN management reform efforts, we note that (1) progress has varied in the five areas we examined—ethics, oversight, procurement, management operations of the Secretariat, and review of programs and activities (known as mandates)—and (2) various factors, such as disagreements among member states, have slowed the pace of progress. The UN ethics office has worked to improve organizational ethics by increasing staff in its ethics office, developing ethical standards, enforcing financial disclosure requirements, and implementing a whistleblower protection policy. However, weaknesses in the UN’s internal justice system may limit the impact of the whistleblower protection policy. The UN made some progress in improving oversight by creating an Independent Audit Advisory Committee (IAAC) in June 2007 and improving the capacity of its Office of Internal Oversight Services (OIOS) to carry out internal audits and investigations. However, UN funding arrangements continue to constrain the independence of OIOS and its ability to audit high-risk areas. Progress on procurement reform efforts has been mixed. The UN has strengthened its training program for procurement staff, including conducting courses in ethical conduct, but has not formally established an independent bid protest system and has not approved a lead agency concept, whereby specialist UN organizations would handle certain procurements in order to enhance division of labor, reduce duplication, and reduce costs. The UN has taken steps to improve certain management operations of the Secretariat, such as selected human resource functions and the UN’s information technology system. However, the UN has made little or no progress in improving several budgetary, financial management, and administrative functions. Despite some limited initial actions, the UN’s review of mandates has not advanced, due in part to a lack of support by many member states. Finally, the pace of UN management reforms has been slowed by (1) disagreements among member states on the priorities and importance of UN management reform efforts, (2) the lack of comprehensive implementation plans for some management reform proposals, (3) administrative policies and procedures that continue to complicate the process of implementing certain human resource initiatives, and (4) competing UN priorities, such as the proposal to reorganize the Department of Peacekeeping Operations, that limit the capacity of General Assembly members to address management reform issues.

In our report on oversight and accountability of selected UN organizations, we address the extent to which these organizations’ (1) internal audit offices have implemented professional standards for performing audits and investigations, (2) evaluation offices have implemented UN evaluation standards, and (3) governing bodies are provided with information about

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the results of UN oversight practices. Although the six UN internal audit offices we reviewed have made progress in implementing international auditing standards, they have not fully implemented key components of the standards. None of the six organizations we examined required their internal oversight staff to disclose their financial interests, which could ensure that employees are free from conflicts of interest. However, we found that five of the six organizations have established whistleblower protection policies, and the United Nations Development Program (UNDP) was developing such a policy. In addition, none of the organizations has completed organizationwide risk-management frameworks, only half of the audit offices had sufficient staff to cover high-risk audit areas of the organization, and some of the audit offices have not fully implemented a quality assurance process, such as having external peer reviews. Some of the organizations also did not have professional investigators to probe allegations of wrongdoing. We also reported that while the six UN evaluation offices we reviewed were working toward implementation of UN evaluation standards, such as having sufficient resources and implementing quality assurance standards, they had not fully implemented them. Finally, we reported that the governing bodies responsible for oversight of the six organizations lacked full access to internal audit reports, which could provide greater insight into the organizations' operations and identify critical systemic weaknesses. International best practices suggest that oversight could be strengthened by establishing an independent audit committee. However, the audit committees at four of the six UN organizations we examined were not in line with international best practices, and one of the entities did not have an audit committee.

In our report on Burma, we identify UN and other international organizations' principal efforts to address Burma's humanitarian and development problems and describe the impact of the regime's recent actions upon them. We found that the military regime that rules Burma has blocked or significantly impeded UN and other international organizations' efforts to address human rights concerns and to help people living in areas affected by ethnic conflict. The regime frustrated UN/International Labor Organization (ILO) efforts to monitor forced labor for 4 years before signing an agreement in February 2007, restricted efforts by the UN High Commissioner for Refugees (UNHCR) to assist populations living in areas affected by ethnic conflict, and blocked efforts by the International Committee of the Red Cross (ICRC) to monitor prison conditions and conflict situations. The regime has also, to a lesser degree, impeded UN food, development, and health programs by restricting their ability to move food and international staff freely within the country and to conduct research needed to determine the nature and scope of some of Burma's

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problems. Nonetheless, several UN and other international organization officials told us they are still able to achieve meaningful results in their efforts to mitigate some of Burma's humanitarian, health, and development problems.

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## Background

Although the UN has undergone various cycles of reform since its creation in 1945, UN member states continue to have concerns about inefficient UN management operations. In September 2005, world leaders gathered at the UN World Summit in New York to discuss a variety of issues of importance to the UN, including management reforms. The outcome document from the summit called for the Secretary-General to submit proposals for implementing management reforms of the Secretariat. In October 2006, we reported that progress had been slow in five key UN management reform areas, with numerous reform proposals awaiting General Assembly review, and that many of the proposed or approved reforms lacked an implementation plan with time frames and cost estimates.

Oversight is a key activity in governance that addresses whether organizations are carrying out their responsibilities and serves to detect and deter public corruption. Oversight functions include monitoring, evaluating, and reporting on the organization's performance; auditing of the organization's financial results and effectiveness of its internal controls; and holding senior management accountable for results. Oversight also includes investigation of allegations of fraud. The principal bodies responsible for conducting oversight in the three UN funds and programs we reviewed—The United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF), and the World Food Program (WFP)—and the three specialized agencies we reviewed—the Food and Agriculture Organization (FAO), the International Labor Organization (ILO), and the World Health Organization (WHO)—include member states in their capacity as members of the governing bodies, internal auditors, investigators, and evaluation offices.

The UN and other international organizations have become important sources of assistance to Burma's impoverished people, as the country—one of the world's poorest—has become increasingly isolated. This assistance includes programs aimed at mitigating the effects of prison conditions, forced labor, and conflicts in Burma's ethnic areas. The UN is also attempting to provide food to vulnerable populations, promote local economic development, improve health conditions, and strengthen the Burmese educational system. In recent years, UN entities have increased

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their funding for activities aimed at addressing Burma's problems. UN entities informed us that they spent about \$218 million in Burma from 2002 through 2005. Nevertheless, Burma's military regime distanced itself from the international organizations and began adopting increasingly restrictive policies after the regime underwent an internal purge in 2004, according to UN officials. The regime published guidelines in 2006 to restrict the activities of the international organizations. UN officials consider provisions in these guidelines, which have yet to be fully implemented, to be unacceptable.

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## Progress on UN Management Reform Efforts Has Varied and Various Factors Have Slowed the Pace of the Reform Efforts

Since our October 2006 report,<sup>4</sup> the progress of UN management reform efforts has varied in the five areas we reviewed—ethics, oversight, procurement, management operations of the Secretariat, and review of programs and activities (known as mandates). Various factors, such as member state disagreements on the priorities and importance of the remaining reform efforts, have slowed the pace of the UN's efforts to improve the management of the Secretariat, and a number of reforms cannot move forward until these factors are addressed.

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## Progress on UN Management Reform Efforts Has Varied

Since our October 2006 report, the UN has taken steps to improve ethics. The ethics office has made substantial progress in increasing staffing and in enforcing a whistleblower protection policy. In addition, the UN has made some progress in developing ethics standards and in enforcing financial disclosure requirements. However, concerns have been raised that the success of the whistleblower protection policy is, in part, dependent on reforms in the UN internal justice system that are not projected to be completed until 2009. In addition, the policy is potentially limited by the ethics office's lack of jurisdiction over UN funds and programs. After we issued our November 2007 report, the Secretary-General issued a bulletin calling for system-wide ethics standards for the Secretariat, programs, and funds. The bulletin outlined the guidelines and responsibilities for UN ethics offices of programs and funds and also stated that, if a program or fund does not have a policy in place for protection against retaliation, staff members of that program or fund may request protection from retaliation under the Secretariat's policy.

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<sup>4</sup>GAO, *United Nations: Management Reforms Progressing Slowly with Many Awaiting General Assembly Review*, [GAO-07-14](#) (Washington, D.C.: Oct. 5, 2006).

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Although the UN has improved its oversight capability, the Office of Internal Oversight Services (OIOS) has not yet achieved financial and operational independence. In June 2007, member states created an Independent Audit Advisory Committee (IAAC) and, since then, the UN has made some progress in making it operational. The committee's five members were elected in November 2007, and the committee is expected to be operational by January 2008. Since October 2006, some progress has been made in strengthening OIOS. Although OIOS has improved the capacity of individual divisions, including internal audit and investigations, UN funding arrangements continue to constrain its ability to audit high-risk areas, and member states have not yet agreed on whether to grant OIOS financial and operational independence.

The UN has taken steps to improve its procurement process, but some reform issues have not moved forward since October 2006. Activities on which some progress has been made are the strengthening of procedures for UN procurement staff and suppliers, developing a comprehensive training program for procurement staff, and developing a risk management framework. However, the UN has made little or no progress in establishing an independent bid protest system and creating a lead agency concept, whereby specialist UN organizations would handle certain procurements in order to enhance division of labor, reduce duplication, and reduce costs. In addition, since our October 2006 report, the reorganization of the Department of Peacekeeping Operations, along with its related procurement activities, may affect the UN's overall procurement reform efforts, such as establishing lines of accountability and delegation of authority for the Departments of Management and Peacekeeping Operations.

Since our October 2006 report, the UN has improved some of the management operations of the Secretariat, but many reform proposals have not moved forward. Some progress has been made on selected issues involving human resources and information technology. In contrast, little or no progress has been made in reforming the UN's internal justice system, budgetary and financial management functions, and the alternative delivery of certain services, such as internal printing and publishing.

Despite some limited initial actions, the UN's review of all UN mandates has not advanced, due in part to a lack of support by many member states. Although some progress was made in Phase I of the review, which ended in December 2006, little or no progress has been made in Phase II because member states continue to disagree on the nature and scope of the review and lack the capacity to carry it out. As a result, the prioritization of this



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particular UN management reform effort has decreased, according to UN and State officials. In September 2007, member states decided to continue reviewing mandates in the 62nd session of the General Assembly, but they did not determine how the review would proceed.

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## Various Factors Have Slowed the Pace of UN Management Reform Efforts

Various factors have slowed the pace of UN management reform efforts, and some reforms cannot move forward until these factors are addressed. Key factors include the following:

- Member states disagree on UN management reform efforts. Delegates from 15 of 17 member states that we met with, representing Africa, Asia, Europe, Latin America, the Middle East, and North America, told us that the number one challenge to continued progress on management reform efforts is member state disagreements on the priorities and importance of the remaining reform efforts.<sup>5</sup>
- Some management reform proposals lack comprehensive implementation plans, including time frames, completion dates, and cost and savings estimates for completing specific management reforms. In addition, the Secretariat has not submitted most of approximately 20 cost-benefit analyses and other assessments to the General Assembly as planned by March 2007.
- Administrative policies and procedures continue to complicate the process of implementing certain complex human resource initiatives. These policies and procedures include proposals to outsource certain administrative services, such as payroll processes, staff benefit administration, and information technology support.
- Competing UN priorities limit the capacity of General Assembly members to address management reform issues. For example, the reorganization of the Department of Peacekeeping Operations absorbed much of the General Assembly's attention throughout the spring 2007 session and, as a result, progress on some issues was delayed while others were not taken into consideration by the General Assembly.

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<sup>5</sup>Over half of the 17 member states we spoke with mentioned distrust between the member states and the Secretariat as another hindrance to the progress of reform efforts. Some member states also told us that these concerns have continued under the new Secretary-General, who appointed numerous high-level Secretariat officials without consulting with the member states first.

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To encourage UN member states to continue to pursue the reform agenda of the 2005 World Summit, we recommended in the report we issued on November 14, 2007, that, as management reforms are implemented over time, the Secretary of State and the U.S. Permanent Representative to the UN include in State's annual *U.S. Participation in the United Nations* report an assessment of the effectiveness of the reforms.

State generally endorsed our main findings and conclusions and noted that our assessment of UN progress on management reform efforts was accurate and balanced. State also agreed fully with the need to keep Congress informed of the effectiveness of management reforms, adding that the department will continue to monitor and inform Congress, as we recommended. State did not agree with our statement that successful whistleblower protections are dependent, in part, on the reform of the UN's internal justice program. During our review, we found that UN and nongovernmental organization staff had concerns about weaknesses in the UN internal justice system and the potential impact of these weaknesses on the implementation of a successful whistleblower protection policy. We agree with these concerns.

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## Oversight and Accountability in Selected UN Organizations Could Be Strengthened by Further Instituting International Best Practices

Although the six UN internal audit offices we reviewed have made progress in implementing international auditing standards, they have not fully implemented key components of the standards. In addition, while the six UN evaluation offices we reviewed are working toward implementing UN evaluation standards, they have not fully implemented them. Moreover, the governing bodies responsible for oversight of the six UN organizations we reviewed lack full access to internal audit reports and most lack direct information from the audit offices about the sufficiency of their resources and capacity to conduct their work. In addition, most UN organizations do not have an independent audit committee, as suggested by international best practices.

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## UN Internal Audit Offices Have Not Fully Implemented Key Components of International Auditing Standards

Most of the six UN organizations we examined are in various stages of adopting ethics policies, such as requiring conflict of interest and financial disclosure statements and adopting whistleblower policies to protect those who reveal wrongdoing. Ethics policies could strengthen oversight by helping to ensure more accountability and transparency within the organizations. Some internal oversight units rely on their staff to comply with a general declaration that all UN employees sign when they are employed by the organization. We earlier reported that

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- UNDP and WFP rely on their oversight staff to self-report any conflicts of interest, though WFP's investigative unit was developing a conflict of interest policy to cover investigations staff in fall 2006, and
  - none of the six organizations we examined require their internal oversight staff to disclose their financial interests, a practice that could help to ensure that employees are free from conflicts of interest.

Five of the six of the organizations we studied have established whistleblower protection policies to protect those who reveal wrongdoing within their respective organizations. UNICEF, FAO, WFP, WHO, and ILO have whistleblower protection policies in place, and UNDP was developing such a policy.

We reported that all six audit offices are developing and implementing risk-based work plans and five of the six internal audit offices have contributed to their respective organizations' development of a risk management framework. However, the organizations' senior management has not completed an organizationwide risk management framework that would assist in guiding the audit offices' work plans. Moreover, only three of the six audit offices told us that they had sufficient resources to achieve their audit work plans, which could include high-risk areas. For example, WFP's audit chief informed us that the audit office did not have sufficient resources to conduct its planned work for 2007 and as a result, it has had to defer audits to future years.

We also reported that a number of internal oversight units do not have professional investigators and rely on other parties who may not be qualified, such as auditors, to determine whether wrongdoing has occurred. As a result of the limited capacity of organizations to conduct investigations, many internal oversight units have backlogs of investigative cases and are unable to complete their planned audits. A number of the organizations we examined indicated that they were working on increasing their investigative capacity in order to meet new organizationwide initiatives. For example, UNDP senior officials reported that they needed additional investigative staff because the number of cases had increased, due to the establishment of a fraud hotline.

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**UN Evaluation Offices  
Have Not Fully  
Implemented UN  
Evaluation Standards**

We reported that five of the six evaluation offices we reviewed stated that they lack sufficient resources and staff with expertise to manage and conduct evaluations—conditions that have impacted their ability to conduct high-quality and strategically important evaluations. For example, FAO’s evaluation officials informed us that because FAO does not have sufficient resources to manage and conduct evaluations to reasonably address management’s concerns, it relies heavily on the use of outside consultants for expertise.

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**Governing Bodies Lack  
Full Access to Information  
That Could Provide  
Greater Insights into UN  
Organizations’ Operations  
and Identify Critical  
Systemic Weaknesses**

The governing bodies of the six organizations we examined lack full access to internal audit reports, which would increase transparency and their awareness of the adequacy and effectiveness of the organizations’ system of internal controls. Currently, member states are not provided with the internal audit office’s reports; however, member states including the United States have stated that access to audit reports would help them exercise their oversight responsibilities as members of the governing body. International best practices suggest that oversight could be strengthened by establishing an independent audit committee composed of members external to the management of the organization and reporting to the governing body on the effectiveness of the audit office and on the adequacy of its resources. However, the audit committees at four of the six UN organizations we examined are not in line with international best practices, and one of the entities does not have an audit committee.

To improve oversight in UN organizations, we recommended that the Secretary of State direct the U.S. missions to work with member states to make internal audit reports available to the governing bodies to provide further insight into the operations of the UN organizations and identify critical systemic weaknesses; and establish independent audit committees that are accountable to their governing bodies, where such circumstances do not currently exist. While State, FAO, UNDP, WFP, and WHO generally agreed with our recommendations, ILO and UNICEF expressed concerns about implementing them. Specifically, ILO expressed reservations about making internal audit reports available to governing bodies, while UNICEF expressed concerns about establishing independent audit committees.

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## International Organizations' Assistance Programs Have Been Constrained in Burma

We found that the military regime that rules Burma has blocked or significantly impeded UN and other international organizations' efforts to address human rights concerns and to help people living in areas affected by ethnic conflict. The regime has also, to a lesser degree, impeded UN food, development, and health programs. Nonetheless, several UN and other international organization officials told us they are still able to achieve meaningful results in their efforts to mitigate some of Burma's humanitarian, health, and development problems.

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## Burmese Regime Has Blocked or Impeded Human Rights Programs and Programs in Conflict Areas

Burma's military regime has blocked international efforts to monitor prison conditions, and, until recently, forced labor in Burma. The regime halted ICRC's prison visit program by insisting that pro-regime staff observe ICRC meetings with prisoners. Similarly, the regime frustrated ILO efforts to conclude an agreement establishing an independent complaints process for forced labor victims for 4 years. It eventually signed an agreement with ILO in February 2007 to establish a complaints mechanism for victims of forced labor. The regime has also impeded international efforts to address the needs of populations in conflict areas by restricting international access to those areas. For example, it has limited UNHCR efforts along the Thai border, while halting or impeding efforts in conflict areas by ICRC and other organizations.

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## Burmese Regime Has Hindered Food, Development, and Health Programs

The regime has also impeded UN food, development, and health programs, although programs that address health and development issues in Burma have generally been less constrained by the regime's restrictions than the ILO and ICRC human rights efforts. Delays in obtaining transport permits for food commodities from the current regime have hindered WFP efforts to deliver food to vulnerable populations. The regime's time-consuming travel procedures have also impeded the ability of international staff to move freely within the country to ensure the timely provision of assistance. Officials of eight of the nine UN entities that provide humanitarian, health, and development assistance in Burma told us that the regime requires at least 3 to 4 weeks' advance notice to authorize travel, which impedes the planning and monitoring of projects through field visits and reduces the scope of their activities. UN officials told us that the regime has also impeded their ability to address the needs of the Burmese population, conduct strategic planning, and implement programs in Burma by restricting their ability to conduct their own surveys and freely share the data they gather.

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## UN Officials Say Meaningful Work Still Possible in Burma

Despite these restrictions, many of the international officials we spoke with told us that they are still able to achieve meaningful results in their efforts to mitigate some of Burma's many problems. For example, UN officials working in the health sector told us that the Burmese regime had been increasingly cooperative in efforts to address HIV/AIDS prevalence and recently worked with several UN entities to develop a multisectoral plan that targets all victims of the disease in Burma. Several officials also emphasized that restrictions have had the least effect on organizations that tend to work closely with the regime. For example, an FAO official told us that FAO generally has good relations with the technical ministries it cooperates with due to its close work with these ministries in providing technical assistance and supporting knowledge transfer.

Our report on Burma included no recommendations. We obtained comments on a draft of this report from the Secretary of State and cognizant UN and ICRC officials. State commented that the draft report was thorough, accurate, and balanced. While the UN Country Team commented that the UN and its partners had in the past decade achieved "a significant opening of humanitarian space on the ground," it did not dispute our specific findings about the regime's restrictions over the past 3 years. In response to recent protests in Burma, the UN Country Team noted the urgent necessity to address Burma's deteriorating humanitarian situation and appealed for an improved operating environment for humanitarian organizations working there.

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## Concluding Observations

The UN is increasingly called upon to undertake important and complex activities worldwide, including responding to conflict and humanitarian crises. As the UN's role and budget expand, so do attendant concerns about weaknesses in accountability, transparency, and oversight. The UN Secretariat and UN-affiliated organizations face internal and external challenges in undertaking, administering, and overseeing their respective mission-related activities. UN organizations have worked to implement needed internal reforms to improve ethics, oversight, procurement, and management operations with varied degrees of progress. For example, the UN has worked to improve oversight by establishing an IAAC, but funding arrangements within the Secretariat's internal audit office continue to constrain the office's operational independence and its ability to audit high-risk areas. In addition, UN organizations face external challenges in operating environments such as Burma, where the military regime has blocked or impeded some UN activities aimed at improving human rights. Addressing these challenges will require concerted and sustained actions

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by member states and UN organizations' management, staff, and oversight mechanisms.

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Mr. Chairman, this concludes my statement. I would be pleased to answer any questions that you or other Members of the Subcommittee may have at this time.

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## GAO Contact and Staff Acknowledgments

Should you have any questions about this testimony, please contact Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov). Major contributors to this testimony were Cheryl Goodman, Zina Merritt, and Phillip Thomas (Assistant Directors); Debbie J. Chung; Lyric Clark; Andrea Miller; George Taylor; and Pierre Toureille.

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# Appendix I: Objectives, Scope, and Methodology

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This testimony is based on three reports we issued during 2007—*United Nations: Progress on Management Reform Efforts Has Varied* (Nov. 2007); *United Nations: Oversight and Accountability Could Be Strengthened by Further Instituting International Best Practices* (June 2007); and *International Organizations: Assistance Programs Constrained in Burma* (Apr. 2007). The objectives, scope, and methodology of each of these reports follows.

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## United Nations: Progress on Management Reform Efforts Has Varied

For this report, we assessed progress in ethics, oversight, procurement, management operations of the UN Secretariat, and mandate review.<sup>1</sup> To assess the progress of specific UN management reform efforts within each of these five areas, we developed the following three categories: little or no progress, some progress, and substantial progress.<sup>2</sup> However, we did not assign an overall level of progress to each of the five reform areas because the various initiatives within each area are highly diverse. During our review, we determined which category of progress to assign to each reform effort based on documents we collected and reviewed and discussions we had with State Department, UN, and other officials. After we had made our initial assessments of progress, three other GAO staff members not involved in this review used the evidence and the categories to make their own assessments independently of each other. These staff members then met with each other to reconcile any differences in their initial assessments. Finally, they met with us and confirmed that we were all in agreement on our assessments. To address our objectives, we reviewed documents proposing UN management reforms and interviewed officials from several UN departments in New York. We reviewed reports and bulletins published by the UN General Assembly and Secretariat, relevant UN resolutions, and related budget documents. The majority of the cost estimates for the proposed reform initiatives are preliminary, and detailed cost estimates are being developed; therefore, we did not analyze the assumptions underlying these estimates to determine whether they are reasonable and reliable. We met with officials from the General Assembly Office of the President, the Office of the Deputy Secretary-General, the

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<sup>1</sup>GAO, *United Nations: Progress on Management Reform Efforts Has Varied*, [GAO-08-84](#) (Washington, D.C.: Nov. 14, 2007).

<sup>2</sup>We assign “little or no progress” to reform efforts where there is evidence that few or no steps have been taken on the reform effort; “some progress” to those where there is evidence that some steps have been taken on the reform effort, while others remain; and “substantial progress” to those where there is evidence that the reform effort has been mostly or fully implemented.



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Department of Management, and the Office of Internal Oversight Services (OIOS). We also met with representatives from 17 of 192 member states from various geographic regions to obtain a balance of views on the most critical challenges to reforming UN management. We discussed the status of UN management reforms with officials from the Department of State in Washington, D.C., and the United Nations in New York. We performed our work on UN management reforms from March to November 2007 in accordance with generally accepted government auditing standards.

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**United Nations  
Organizations: Oversight  
and Accountability Could  
Be Strengthened by  
Further Instituting  
International Best  
Practices**

For this report, we selected 6 UN organizations from among the 10 funds and programs and 15 specialized agencies that comprise the universe of all UN funds and programs and specialized agencies, including the Food and Agriculture Organization, International Labor Organization, United Nations Children's Fund, United Nations Development Program, World Food Program, and the World Health Organization.<sup>3</sup> On the basis of their budgets for biennium 2004-2005, we selected the three largest funds and programs and three of the largest specialized agencies. Therefore, our results cannot be generalized to the full universe of all funds and programs and specialized agencies and may not represent the practices of the smaller UN organizations.

To examine the extent to which the six organizations' internal audit offices have implemented professional standards for performing audits, we reviewed relevant standards issued by the Institute of Internal Auditors. To conduct our review, we selected key audit standards that were based on previous GAO work. In addition, we examined documents and conducted interviews with various officials, including officials of the internal audit offices, finance division, human resources, audit committees, legal offices, and external auditors. Regarding investigations, the six UN organizations we examined have adopted the UN Uniform Guidelines for Investigations, which are intended to be used as guidance in the conduct of investigations in conjunction with each organization's rules and regulations.

To examine the extent to which the six organizations' evaluation offices have implemented UN evaluation norms and standards, we reviewed the

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<sup>3</sup>GAO, *United Nations Organizations: Oversight and Accountability Could Be Strengthened by Further Instituting International Best Practices*, [GAO-07-597](#) (Washington, D.C.: June 18, 2007).

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relevant standards and norms issued by the UN Evaluation Group. We examined documents from the six organizations, including reports prepared by the organizations' evaluation offices and external peer reviewers, and annual reports of the evaluation offices. In addition, we conducted interviews with various officials of the evaluation offices.

To examine the extent to which governing bodies are provided information about the results of UN oversight practices, we reviewed documents from the six organizations, including reports prepared by the organizations' external auditors, the oversight unit chiefs, the governing bodies, and the audit committees, where applicable. We also examined the charters of the audit offices and the audit committees, where applicable. In addition, we interviewed selected representatives from UN member states, including representatives from the U.S. missions to the UN in Geneva, Rome, and New York and U.S. representatives to the governing bodies of the UN organizations we examined. In Geneva, we spoke with members of the Geneva Group, including representatives from the United Kingdom, Canada, the Netherlands, Australia, and Germany. In Rome, we spoke with additional members of the Geneva Group, including representatives from the United Kingdom, Spain, Canada, Sweden, South Korea, Germany, Switzerland, Finland, Italy, France, Russia, New Zealand, Japan, and the Netherlands. In addition, we met with representatives of the Group of 77 from Zimbabwe, Madagascar, Iraq, Dominican Republic, Bangladesh, Brazil, Cameroon, China, Egypt, Kuwait, Nicaragua, Peru, the Philippines, Sri Lanka, and Thailand. In New York, we spoke with mission representatives to the UN from Belgium, Australia, the United Kingdom, Canada, Japan, and Pakistan.

Furthermore, to address our objectives, we spoke with senior officials from the Departments of State and Labor in Washington, D.C., and senior officials from State, Labor, Health and Human Services, and the U.S. Agency for International Development at the U.S. missions to the UN in Geneva, Rome, and New York. At these locations, we met with management and staff responsible for governance and oversight at FAO, ILO, UNDP, UNICEF, WFP, and WHO. We conducted our work on oversight and accountability of UN organizations from June 2006 through March 2007 in accordance with generally accepted government auditing standards.

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## International Organizations: Assistance Programs Constrained in Burma

For this report, we examined documents relating to programs conducted in Burma by the UN Country Team (which includes ten UN entities located in that country) and the restrictions imposed on them by the Burmese regime.<sup>4</sup> In New York and Washington, D.C., we met with officials of the U.S. Departments of State and the Treasury, the UN, the World Bank, and the International Monetary Fund. We also met with the Burmese UN mission in New York. In Rangoon, Burma, we met with officials of UN entities, the International Committee of the Red Cross, and several international nongovernmental organizations who asked that we not identify their organizations; and officials of the U.S. embassy and of the leading democratic organization in Burma. In and near Rangoon and Bassein, Burma, we met with recipients of UN assistance. We also traveled to Nay Pyi Taw (Burma's newly built capital) to meet with officials from the Burmese Ministry of National Planning and Economic Development and the Ministry of Health. In Bangkok, Thailand, we met with officials from three additional UN entities that operate programs in Burma from Thailand,<sup>5</sup> as well as with representatives of other donor nations. We conducted our work on Burma from May 2006 to February 2007 in accordance with generally accepted government auditing standards.

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<sup>4</sup>GAO, *International Organizations: Assistance Programs Constrained in Burma*, [GAO-07-457](#) (Washington, D.C.: Apr. 6, 2007).

<sup>5</sup>The three UN entities that operate programs in Burma from Thailand are the UN Educational, Scientific, and Cultural Organization; the Inter-Agency Project on Human Trafficking in the Greater Mekong Sub-Region; and the UN Industrial Development Organization.

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