

GENERAL ASSEMBLY AUDIT

SUBCOMMITTEE

An excellent recent study in 2001 of global efforts to better manage parliaments and increase their responsiveness, efficiency, and effectiveness in the 21st century observed that:

"The latter half of the 20th century saw the increasing dominance of the executive branch of government over the policy process ... More recently, a wave of organizational and procedural reforms ... [have sought to modernize] public administration ... [However,] the law making assemblies which formulate the policies which public administrators are charged with implementing [have remained relatively unscathed]."

Legislative Oversight.

... **The power to legislate is largely meaningless if the legislature lacks the ability to ensure that public policy is administered in accordance with legislative intent.** Also, and more fundamentally ... [o]nly by monitoring the implementation process, can members of the legislature uncover any statutory defects and act to correct agency misinterpretation or maladministration. In this sense, **oversight exists as an essential corollary to the lawmaking function.**"

Peter Falconer, Colin Smith, and C. William R. Webster, eds., Managing parliaments in the 21st century, EGPA Yearbook, Volume 16, International Institute of Administrative Sciences Monographs, IOS and Ohmsha, Amsterdam, 2001, pp. 1-2. [emphasis added.]

In 1995 a JIU report on accountability and oversight found that although UN system governing bodies in general were weak in fulfilling their oversight responsibilities, many were working to establish small executive boards or special oversight committees to:

- concentrate on accountability and transparency;
- ensure a much more active dialogue with Secretariats, based on much better reporting on performance issues and programme results;
- specifically discuss and act on the reports of internal and external oversight bodies; and
- regularly follow up on management reform initiatives and progress.

The JIU concluded that:

" ... not only are secretariats responsible to governing bodies for wise resource use and programme results, but these bodies themselves are responsible in turn to Member States and publics for these same matters. **Governing bodies ... must set the example. They, more than any other participants, should be a steady driving force for improvement, including insistence on the firm application of rewards and recognition for good performance, and corrective action and (if necessary) sanctions for poor results.** If they do not seriously and consistently pursue these matters, managers and staff in the Secretariats will only pay lip service to accountability and oversight, and will concern themselves with other priorities."

Joint Inspection Unit, "Accountability, management improvement, and oversight in the UN system", 95/2, UN document A/50/503, Part I, Chapter VIII, "Oversight governing bodies", pp. 48-54 [49], and Part II, Table 12, pp. 24-27.
[Emphasis added.]

IO Watch has found, and discussed in various subsections of this archive, that the UN General Assembly's Fifth Committee on administration and budget is far behind other UN system organizations in management accountability reforms, particularly as cited in the Legislative and Other Oversight subsection.

The Fifth Committee has no subcommittees or staff experts of its own to analyse and oversee management reform and Secretariat programme results. Instead, its 190-plus Member States endlessly debate and dilute every management issue in public sessions or in critical backroom "informal" sessions.

The diplomat/delegates lack expertise and are uncomfortable with management audit and investigation matters and responsibilities. They prefer to rely on an established but archaic and amateurish system of "expert" advisory bodies (except for the Board of Auditors) that are preoccupied primarily with financial, budgetary, and system-wide input issues, rather than with outputs, that is, performance, results and accountability.

The Fifth Committee is also woefully dependent on the evasive, often non-transparent, and frequently tardy "reform" or "performance" reports that the Secretariat places before it every biennium, and it can only give back more vague and evasive "reform guidance" to the Secretariat in return.

The UN management accountability system which the General Assembly demanded in 1993 remains unimplemented, and as the US GAO reports of 2000 and 2004 demonstrate, will not be ready until 2006 or (probably) later.

In fact, and beyond all these troubling status assessments, the UN is now moving backward. At least in the late 1980s the General Assembly required specific follow-up reports on reforms recommended by the "Group of 18", including insistence that a very poor summary progress report be redone. In the last decade, however, the General Assembly has quietly accepted, with only minor protest, the Secretary-General's vague biennial reform reports, without ever demanding (until 2003) systematic and specific details and assessment of how they are functioning, the results achieved, and the further improvements needed.

The Fifth Committee has also given little serious and sustained attention to internal controls and other management systems issues, and to oversight processes and findings, as discussed under the topics on management system reform efforts, and the work of the OIOS and JIU, in this archive's major section on UN Management Accountability Struggles and on Inadequate UN Oversight .

This feeble oversight situation occurs for one fundamental reason: because all member states "want to participate" in all decisions, which not only bogs down decision-making but leads to "consensus" resolutions based on "informal consultations" (or to stalemate and inaction). IO Watch believes that this "total participation" might be appropriate for street fairs and dance festivals, but it is totally and shamefully inappropriate for an organization spending \$6 to \$10 billion of global taxpayers' money each and every year, and which also purports to lead the world on responses to critical situations and on global governance issues.

The Fifth Committee oversight failures have been rolling merrily along -- as the UN's expenditures grew astronomically -- for more than three decades without appreciable change. The CPC reported in 1969 that UN system programmes would encounter increasing Member State criticism and public disillusionment unless greater review and evaluation efforts were made to ensure that the programmes provided concrete benefits. It stressed the need for detailed and systematic review and evaluation.

"Enlarged Committee for Programme and Coordination: Final report", UN document E/4748 of **2 October, 1969**, paras. 5-19.

Childers and Urquhart made a detailed analysis of these UN legislative problems in 1994, and observed that:

"The UN deals in one way or another with virtually every aspect of the human condition and the natural environment. Its decision-making processes have inevitably

become a maze of reports and resolutions. Like any fifty-year-old machinery it needs overhauling, and its operators need to improve and update their techniques. ...

In the short term, member-states should establish ... an intergovernmental expert group that should begin by commissioning a review of the business flows through the machinery by an international team of top-quality professional legislative managers. ...

... Poor or mediocre intergovernmental decisions in the UN system end up costing considerable sums in the delegation and secretariat time that has to be spent later in re-examining what was too hastily adopted (not least on UN reform itself.)"

Erskine Childers, with Brian Urquhart, "Renewing the United Nations system", Development Dialogue 1994:1, Dag Hammarskjöld Foundation and Ford Foundation, Upsala, Sweden, 1994, Chapter VIII, "The decision-making machinery," pp.119-141 [121, 139].

Ronald Spiers made similar expert observations in 1994 on the worsening legislative problems, and key obstructive factors:

" The quality of the General Assembly's work has deteriorated in recent years. Its agenda is extremely resistant to being streamlined or rationalized, and many agenda items are trivial, overlapping, or of very narrow interest to the member states. ... In addition, the right of any member state to place any item on the agenda, no matter how parochial or trivial, continues to be sacrosanct. As a consequence, the assembly's agenda has grown to over 150 items ...during the fall session. ...

Were the General Assembly to institute reforms [to provide] ... fewer but more-important agenda items, fewer constraints on its operating schedule, and a more manageable committee structure, and were the Fifth Committee to become less bureaucratic and engage the attention and participation of senior UN officials, this would [considerably] ... enhance its relevance and effectiveness."

Ronald I. Spiers, "Reforming the United Nations," in Roger A. Coate, ed., U.S. policy and the future of the United Nations, Twentieth Century Fund, New York, 1994, pp.19-40 [29-31.]

[Note: Mr. Spiers served as Under-Secretary General of the United Nations in New York in the early 1990s.]

In 1995, the JIU addressed this UN governance failure in a subsection on "Accountability for accountability" in its report on UN management reform progress. It observed that:

"The Fifth Committee, operating as a "board of directors" with 185 Member States ... considering all types of complex ... management issues, can hardly operate effectively.

... The present overpowering complexity can be countered by the traditional solutions: division of labour and specialization. ... many governing bodies in the United Nations system now have or are establishing specialized subcommittees ... to devote more continuous attention to administrative, management and oversight matters.

... three new subcommittees could be [established]:

Peace-keeping management subcommittee: ...the greatest single burden of current Fifth Committee work. ...

Strategic planning and management subcommittee: ...

Oversight subcommittee: **Reviews of internal and external oversight reports by this subcommittee could do more than perhaps any other single mechanism to establish and ensure a strong performance culture and results emphasis throughout the United Nations.** ... "

Joint Inspection Unit, "Management in the United Nations: Work in progress",

Chapter VI.A., "Accountability for accountability," UN document A/50/507, 1995, paras. 166-175 [170-174.]. [emphasis added.]

The Inspector, who had been a long-time participant in UN decision-making processes (or the lack thereof), noted real doubts about the ability of the Fifth Committee to take this eminently logical and much-needed step in the proper fashion. He suggested the new subcommittees, but:

"... with a certain trepidation because the track record for political bodies like the Fifth Committee is to dilute the efficacy of newly created subordinate bodies by simply 'providing jobs for our boys.' **If it is not possible to bypass the spoils system and to create small, truly professional subcommittees acting in full transparency, it would be better to avoid the expense and complications of additional, politicized subsidiary bodies.**

However, if professionalism and competence can be assured, these subcommittees could have small but balanced memberships; meet regularly throughout the year as required; rotate membership but with sufficiently long terms to allow development of the necessary expertise; not prejudice the functions of existing bodies and organs elsewhere in the intergovernmental structure; operate in full transparency; and in all cases, report back to, and be responsible to, the Fifth Committee."

Joint Inspection Unit, "Management in the United Nations: Work in progress", Chapter VI.A., "Accountability for accountability," UN document A/50/507, 1995, paras. 172-173. [emphasis added]

A full decade later -- and after some \$60 to \$100 BILLION of largely unsupervised UN expenditures -- it appears that the Fifth Committee indeed has not proven able to meet, or even recognize, this challenge. No subcommittees have been established (so everyone can still "participate"), but while peacekeeping oversight and decision-making has been somewhat improved, and the Secretariat finally does some strategy work, IO Watch concludes that the Fifth Committee still fails to fulfill its oversight responsibilities.

UN staff have also attempted, over the years, to increase General Assembly concern with poor management and lack of accountability (although they have made little difference so far), as shown by the following quote from the 1970s and then a very similar one from late 2004, plus at least one responsive Fifth Committee voice:

"During [Secretary-General Kurt] Waldheim's second term [in the late 1970s], ... [and] thwarted in their negotiations with the United Nations administration, [UN staff representatives] were enabled to express their disquiet to the Assembly by a special provision enacted by the Assembly itself in consequence of staff agitation. ... these efforts failed in their object of generating wide concern and consequent reforms ... The spectacle of a staff body vainly seeking the proper use of its resources in the organization's service and soliciting, in effect, the intercession of the organization's governing council to prevent continued mismanagement by its appointed leaders was not

new at the United Nations."

Shirley Hazzard, on the Waldheim era of staff relations in the 1970s, "Breaking Faith: II", The New Yorker, October 2, 1989, pp. 74-96, [85-86].
[emphasis added.]

"Rosemarie Waters, [the UN Staff Union President], said that ... in the last six years, [UN] ... management had been reforming itself and increasing managerial authority, while reducing accountability. The Staff Union [had great respect for the Secretary-General's vision and reform programme goals.] ... It could not support, however, the erosion of staff rights and dissolution of oversight mechanisms as a means of implementation, [or legitimize] ... actions in which staff, through their elected representatives, had no meaningful role to play. ...

The [integrity survey] ... revealed that staff ... feared reprisals for exposing breaches of ethics, and they perceived that the disciplinary process was applied unevenly. Their view of integrity among senior managers was less than positive..

The Organization had yet to establish concrete measures for individual accountability, she continued. It was essential that areas with expanded delegation of authority for personnel decisions should be carefully examined and, if abuses were found, such delegation should be revoked. ... The [OHRM] had informed staff representatives of its inability to enforce accountability because they lacked central authority. The Fifth Committee may wish to recommend that concrete individual accountability be developed, in consultation with staff representatives, on a priority basis."

"UN staff committee representatives tell budget committee concerns ignored in management reform report", Fifth Committee, Press Release GA/AB/3641 of **29 October 2004**, pp. 2-3. [emphasis added]

"James O. C. Jonah, ... [who worked at the UN for three decades] ... and served as head of personnel from 1979 through 1982, ... recalled that [when the Fifth Committee initiated reforms in the late 1970s], ... a staff-management consultation process was established, and it was decided that staff representatives should be allowed to appear before the Committee. Now, it was sad to see the erosion of the international civil service in the United Nations. That had serious implications. The Committee should also have a serious look at the results of the integrity study. Never had the staff perception of integrity been so low. ... In some respects, the reforms had weakened the Secretariat considerably.

When he served as head of personnel, his biggest fight had been with programme managers, who were most resistant to reform He could not believe that such measures as giving authority to programme managers would strengthen the international civil service. What had been said about the lack of authority of the OHRM was true. Without a strong personnel office, however, there would be no uniformity of rules and fairness in the system. Governments should not take what was happening lightly."

"UN staff committee representatives tell budget committee concerns ignored in management reform report", Fifth Committee, Press Release GA/AB/3641 of **29 October 2004**, p. 4. [emphasis added]

In December 2004 the Fifth Committee (and the General Assembly) provided a sad coda to the entire failed management accountability effort of the past decade. It calmly passed

resolutions exhorting the JIU and the OIOS to do their duties a little better, and in the case of the OIOS also conducted a purported but superficial five-year "review" of OIOS work, and said it would repeat the effort -- in 2009. This is a very poor response to the major UN oversight deficiencies revealed by the oil-for-food programme at this very time (see the Iraq oil-for-food programme subsection and Other Management Problems .) The Committee and the Assembly merely repeated the usual bromides about "strengthening" accountability and the work of the OIOS, and of its external oversight bodies. It stated hollowly that it:

- "4. Affirms its primary role in the consideration of and action taken on the reports presented to it;
5. Notes that no mechanism has been established for the follow-up of [OIOS] recommendations, including those considered by the General Assembly;
6. Emphasizes the importance of establishing real, effective and efficient mechanisms for responsibility and accountability;
- 7. Regrets that despite previous information provided by the Secretary-General on the establishment of accountability mechanisms, including the accountability panel, such mechanisms are not in place, thereby affecting the efficient and effective functioning of the Organization;**

"Review of the implementation of General Assembly resolutions 48/218B and 54/244: Report of the Fifth Committee", UN document A/59/649 of **22 December 2004**, and

"Review of the implementation of General Assembly resolutions 48/218B and 54/244", General Assembly resolution 59/272 of **23 December 2004**, esp. paras. 4-7. [emphasis added]

In its further resolution on human resources management reform in December 2004, the Assembly was just as tired and repetitive. It reaffirmed its many past resolutions and exhortations, often verbatim, to the Secretary-General to finally establish a proper system of accountability and sanctions for misperforming managers, and to report on progress made and results. At least, and succinctly and specifically, it concluded by recalling the requests in its resolutions 51/226, 53/221, and 57/305 (at its 1996, 1998, and 2002 sessions) to the Secretary-General:

" ... to enhance managerial accountability with respect to human resources management decisions, including imposing sanctions in cases of demonstrated mismanagement of staff and willful neglect of, or disregard for, established rules and procedures, while safeguarding the right of due process of all staff members, including managers, and requests the Secretary-General to report comprehensively thereon at its sixty-first session."

"Human resources management: Report of the Fifth Committee", UN document A/59/650 of **22 December 2004**, and

"Human resources management ", General Assembly resolution 59/266 of **23 December 2004**, Section I and esp. para. 14.

[Note: the above list of past resolutions notably omitted the original one -- 48 218/A of 1993 on the management accountability system. The Secretariat seems indeed to have been successful in expunging this bold General Assembly step from any further UN discourse and follow-up.]

The call for a specific, comprehensive report on this management accountability and sanctions topic is new. Unfortunately, the Assembly scheduled this report for late 2006, by which time the scandals in the oil-for-food programme, and all the other UN management problems (see Where is the Rule of Law? and Other Major Problems), may have dragged the Secretariat into a morass of lost credibility, without the General Assembly ever having become meaningfully involved and exercising its central oversight role with any "due diligence". This is a very shameful failure of UN governance.

In one other Fifth Committee/General Assembly resolution, however, there was at least a glimmer of hope. The resolution on the work of the Board of Auditors, to begin with, contained strong and unusual words of praise, supporting IO Watch's belief that Member States do realize that the Board is the only unit providing it with truly professional and responsive reports. It stated that the Assembly:

"Commends the Board of Auditors for the superior quality of its reports, in particular with respect to its comments on the management of resources and improving the presentation of financial statements.

"Financial reports and audited financial statements, and reports of the Board of Auditors: Report of the Fifth Committee", UN document A/59/588 of **30 November 2004**, and

"Financial reports and audited financial statements, and reports of the Board of Auditors ", General Assembly resolution 59/264 of **23 December 2004**, para. 5.

The resolution also noted the tardy issuance of the Board's reports by the Secretariat, despite their timely submission by the Board, and requested their priority processing to ensure that they are submitted to the General Assembly well in advance, in accordance with the (often-ignored but) established six-week rule. It also requested the Secretary-General and heads of UN funds and programmes to work with the auditors to prioritize the recommendations they had made, and to indicate a time-frame for implementing those recommendations, including the office holders to be held accountable. Even more promising, however, the Assembly resolution stated that it:

"Reiterates its request to the Secretary-General and the executive heads ... to examine governance principles and to report thereon to the General Assembly, through the respective governing bodies at its sixty-first session;

Requests the Secretary-General and the executive heads ... to consider strengthening the internal control framework, harmonizing the oversight mechanisms that would systematically act on ... [oversight recommendations] and improving financial reporting, ... and report thereon ... [at the sixty-first session];

Notes that the Secretariat has been collecting information on the experiences of audit committees within the United Nations system and other international organizations, and

requests the Secretary-General to report on and provide an assessment of its findings to the General Assembly at its sixtieth session."

"Financial reports and audited financial statements, and reports of the Board of Auditors: Report of the Fifth Committee", UN document A/59/588 of **30 November 2004**, and

"Financial reports and audited financial statements, and reports of the Board of Auditors ", General Assembly resolution 59/264 of **23 December 2004**, paras. 6-11, [9-11.]

These initiatives sound excellent for improving General Assembly oversight, but they will probably be crippled, delayed, and ultimately avoided by the usual ponderous UN policy-making processes and Secretariat dawdling. The above language already noted that the Assembly had to "reiterate" its request to the Secretariat to reexamine governance principles, and then stated that the information gathered must be filtered through the various governing bodies and only presented to the General Assembly in late 2006 (late 2005 for the audit committee topic). This is very, very slow governance reform for an organization that is increasingly in a crisis mode.

Worst of all, however, after that lengthy period passes, the Assembly will have before it only the Secretariat's opinions and "analysis" of these topics, all of which the Secretariat's "good old boys" have long proven that they really dislike. If the pattern in other areas -- such as accountability overall, and the administration of justice -- holds true, the ensuing debate could stretch out from the Secretariat reports of 2006 for decades into the future.

IO Watch believes that the General Assembly is absolutely right to awaken to the need for better governance, strengthening internal controls, improving action on oversight recommendations, and considering audit committees. But the Secretariat has consistently failed to pursue any of these important matters with determination. (The UN funds and programmes often do better, as indicated, for instance by the Assembly resolution's reference to audit committees elsewhere in the UN system, but most certainly not in the UN Secretariat or the General Assembly itself.)

2004 was a very bad year for UN management, especially but not only because of the UN-administered oil-for-food programme mess, and the turbulence continues. The Secretariat just got through airily telling the Assembly in 2004 that the Board of Auditors' recommendation urging a true fraud prevention strategy might give "the mistaken impression to the uninitiated reader that the potential for large-scale fraudulent and corrupted activities is widespread." However the Secretariat might "spin"

what happened, there is no mistaking that serious corruption matters appeared in the UN Secretariat during 2004 and continue on.

"First report on the implementation of the recommendations of the Board of Auditors ... for the financial period ended 31 December 2003: Report of the Secretary General", UN document A/59/318 of **1 September 2004**, paras. 124-126. [emphasis added]

IO Watch therefore believes strongly that the Fifth Committee should no longer operate without such an expert audit subcommittee. Instead of debating the matter with the Secretariat for years, the time to act is now. **As the Assembly resolution of December 2004 stated clearly, the Board of Auditors are producing "superior quality" reports on the management of UN resources. Why not replace or reform the old, bumbling internal management and internal and external oversight performances with superior services drawn from an overall oversight review by expert senior national auditors (see the subsection on that topic preceding) , and the positioning of such experts in a full-time, ongoing oversight subcommittee within the Fifth Committee itself?**

In the 20th century the General Assembly established (and still relies heavily) on the ACABQ to provide it with analysis and insight on budgetary -- that is input -- matters. Yet in the 21st century it still has no corresponding committee on the output side, confirming the wise observation of 1973 that

"This dichotomy [between budgetary concentration and performance neglect] is in itself one of the major causes of the shortfalls of the performance of the system."

Mahdi Elmandjra, The United Nations System: An Analysis, Faber and Faber, London, **1973**, pp. 228-229.

This must change, and the ACABQ provides the appropriate underlying framework. The General Assembly should act urgently to establish an audit subcommittee with a small group -- a dozen or so -- experts. The choice of people is very important -- as noted in other sections above, they can represent their countries on national delegations, but they should all be demonstrably-respected senior audit officials and members of INTOSAI, the worldwide national auditors' organization. The work of these experts could certainly professionalise and harmonize the entire UN oversight structure in a very solid and disciplined way as the General Assembly seeks, again as discussed under External experts oversight review above. The new audit subcommittee would operate as outlined by the 1995 JIU report.

This subcommittee should be bolstered further in four important ways.

-- first, many national governments have legislative staffs and analysts to help them with oversight. The JIU proposed this idea to assist the CPC in 1984. The Secretary-General, however, was sharply opposed. Yet having its own analytical capacity would be essential to a truly independent and effective Fifth Committee oversight capacity. It should have the same staffing as the ACABQ (6 professional and above staff and 5 general service staff, at a cost of about \$1.2 million a year), an amount which its diligent work could easily repay many times over;

-- second, it could consider, and have funds for, the *ad hoc* use of independent outside auditors and consultants for oversight work, as done by various other UN system agencies (and in fact, considerable OIOS oversight work is already being funded by extra-budgetary funds);

-- third, it should be a primary recipient of, and closely analyse and critique and steadily improve, the two annual Secretariat reports -- on UN results and on UN human and financial resource status -- proposed in the following two subsections; and

-- fourth, it should make active use of "question period" discussions with senior Secretariat oversight, financial, and human resource officials on performance and reform matters.

All of these legislative oversight and transparency initiatives have been strongly resisted for decades by those who defend the archaic UN *status quo* in oversight matters. Yet **IO Watch believes that if this audit subcommittee had been in operation and functioning conscientiously for the last decade, the current multi-billion dollar humanitarian programme scandal in Iraq -- and who knows how many others -- might well have been prevented or greatly mitigated.** The Secretariat, OIOS, Security Council, the Fifth Committee, and Member State delegations will all bear responsibility and shame for this scandal during the next few years, but it is within the power of the General Assembly to ensure -- and to assure Member States and the public -- that it will not happen again.

Meanwhile, the possibility of independent outside scrutiny may strike a little fear into the UN barons with their six decades of immunity and impunity. Two quotes indicate the realities for the corporate chieftains who must live in the real world of law. The good ones have developed a certain gallows humour about the scrutiny (and the "slaps" and the "blues") of the severe accountability climate in which they must live in a

post-Enron world, but for the poor ones the decisive application of the rule of law continues forcefully on.

"... many companies are discovering '404', a section of the Sarbanes-Oxley law ... that may prove to be one of its most important parts. It requires chief executives and chief financial officers to certify that their internal controls are adequate, and it requires outside auditors to attest to that opinion.

And it is working. ...

Additional spending on controls may be wasteful for some companies, but improving controls could be critical for others. Good controls can help honest top management to know what is happening down below, and what risks they may face, either from dishonest employees or from incorrect information about how the company is doing. They can create environments in which it is much harder for crooked bosses ...

For big, established companies that already do the right thing, it's no big thing," said Michael Dell, the [head] of Dell computer.

But he also passed on a song being circulated on the Internet in which a supposed chief executive ... has nightmares about being led away in handcuffs.

'I really miss the good old days when I told my board what to do,' he sings. 'Now my audit committee is slapping me silly. Got the Sarbanes-Oxley blues.'

Floyd Norris, "Audits" no pain, no gain", International Herald Tribune, **January 23, 2004**.

" ... [Experts say that] an intensifying battle [has emerged] over efforts to revamp corporate governance. It is one that pits influential members of the business community ... against institutional investors pushing for greater power over the direction of troubled companies. ...

None of this means that corporate America will be returning to the complacency of the pre-Enron days. And indeed, the criminal and civil pursuits of corporate wrongdoing continue at a breakneck pace.

The Justice Department's corporate fraud task force, formed ... in the immediate aftermath of the WorldCom debacle, has racked up an impressive series of victories. By June 2004, the latest period for which full statistics are available, the task force had obtained more than 500 corporate fraud convictions or guilty pleas and charged more than 900 defendants, including more than 60 top corporate officers, with various types of fraud. During that same time period, the [Securities and Exchange Commission] filed almost 600 separate civil enforcement actions involving financial fraud or reporting.

As the big fraud trials unfold over the coming months, public anger may build as the excesses of the bubble years ... are again trotted out."

Kurt Eichenwald, "Pendulum is swinging back in U.S. corporate crackdown", International Herald Tribune, **January 15-16, 2005**.

Three final quotes bluntly summarize the failure of the Fifth Committee of the General Assembly over the years to provide any serious oversight, or insistence on firm and systematic corrective action, of the Secretariat programme operations which are now falling apart at an alarming rate.

"[In my view,] ... the UN is constitutionally incapable of conducting any operation efficiently or honestly. Ideally the UN, foreshadowing a future world government, ought to be run by a global meritocracy -- rule by the best. In practice, it is the opposite. Any state that can be legally defined as one can join the UN -- it is a club having no rules of

probity or morals. ...

... The result is failure and graft. **UN officials are not answerable to bodies like Congress or the U.K.'s Parliament, which would be sure to track down, expose and punish gross abuses and manifest failures.** No senior UN official has ever gone to jail. It's rare for anyone to be sacked or removed. The top brass resist any kind of investigation, on principle. The oil-for-food inquiry is unique in that it has taken place at all and seems to be garnering results.

But will any punishment be meted out? Will any serious reforms be pushed through? Of course not. ... the UN is beyond reform until membership is restricted to civilized powers that practice democracy and the rule of law and hold their rulers responsible for their actions."

Paul Johnson, "The UN is for talk, not actions," *Forbes* (US), March 14, 2005.

[Note: Mr. Johnson is an 'eminent British historian and author.']

[emphasis added.]

"Taking action against wrongdoing

Taking action against violation of standards is the shared responsibility of managers and external investigative bodies. OECD countries recognize that disciplinary actions against a breach of public service standards should be taken within the organization where the breach occurred. All governments have developed a general framework for disciplinary procedures that both allows managers to impose timely and just sanctions and guarantees a fair process for the public servants. ...

Although public service managers have the primary responsibility for initiating disciplinary measures in their agencies in a timely manner, they may also receive assistance from specific external institutions. These **external institutions are the primary instruments for investigating and prosecuting misconduct in the public service. These bodies have the power to bring suspected cases of corruption directly to court in all OECD countries.** *Moreover*, two-thirds of countries have procedures and mechanisms to enable the public to signal wrongdoing to bodies exercising independent scrutiny on public service activities."

"Annex I: OECD public management policy brief on building public trust: Ethics measures in OECD countries," in Organisation for Economic Cooperation and Development, Public sector transparency and accountability: Making it happen, OECD, Paris, 2002, p. 192. [emphasis added]

" ... [In corporate America] ... directors, auditors, and lawyers are more powerful than ever ... [because these] ... **watchdogs are finally facing genuine liability for their failures.** ...

The Directors

... are taking their once-ceremonial duties ... far more seriously. ... [The biggest change] ... is the all-important audit committee. [The members] ... now have the power to spend company money on their own lawyers, accountants, and forensic investigators ... [and to supervise the external] auditors. ...

The Auditors

... [are more powerful] than ever. ... [Their] newfound assertiveness can lead to some bloody showdowns with CEOs -- with the boss sometimes losing. ...

The Lawyers

... [are] more likely to be hired [as advisors] by directors, and ... to behave as if their true clients are shareholders ... especially ... [in] 'independent internal investigations' ... The U.S. Justice Dept. [can bring] criminal charges against companies ... [and] merely being charged with a crime [can amount] ... to a death sentence ... [especially for] those businesses that are built on public trust ...

... Of course, CEO's are still in charge, but their power is much more limited.
The age of the absolute corporate monarch ... is over."

David Henry, Mike France, and Louis Lavelle, "Special report: The boss on the sidelines", Business Week Europe, **April 25, 2005**, pp. 64-71.