



General Assembly

Distr.: General
25 May 2018

Original: English

Seventy-second session

Agenda items 124, 134, 136 and 149

United Nations reform: measures and proposals

Review of the efficiency of the administrative and financial functioning of the United Nations

Programme budget for the biennium 2018–2019

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Shifting the management paradigm in the United Nations: implementing a new management architecture for improved effectiveness and strengthened accountability

Fiftieth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2018–2019

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General entitled “Shifting the management paradigm in the United Nations: implementing a new management architecture for improved effectiveness and strengthened accountability” (A/72/492/Add.2). During its consideration of the above-mentioned report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 2 May 2018.

2. Background to the Secretary-General’s management reform proposals is provided in paragraphs 1 to 10 of the report of the Secretary-General. As indicated, the report is submitted pursuant to General Assembly resolution 72/266, in which the Assembly welcomed the Secretary-General’s commitment to improving the ability of the United Nations to deliver on its mandates through management reform, and stated that it looked forward to receiving a comprehensive report on the Secretary-General’s proposals, as contained in his main report, for its consideration. In addition, the Advisory Committee notes that other reports of the Secretary-General, currently before the General Assembly, are closely related to his management reform proposals. These include the reports entitled: “Seventh progress report on the accountability

* Reissued for technical reasons on 5 September 2018.



system in the United Nations Secretariat: strengthening the accountability system of the Secretariat under the new management paradigm” (A/72/773); “Global service delivery model for the United Nations Secretariat” (A/72/801 and A/72/801/Add.1/Rev.1); and “Status of implementation of the information and communications technology strategy for the United Nations” (A/72/755/Rev.1). The Committee’s comments and recommendations on those proposals are contained in its related reports.

3. The Advisory Committee recalls that the Secretary-General has also put forward two further two major reform proposals, namely, the repositioning of the United Nations development system (A/72/684) and the restructuring of the United Nations peace and security pillar (see A/72/772 and A/72/859). Those reports are currently before the General Assembly. Other reforms introduced include special measures for protection from sexual exploitation and abuse and the establishment of an Office of Counter-Terrorism (see General Assembly resolutions 71/297 and 71/291). In its resolution 72/266, the General Assembly also approved the Secretary-General’s proposal to change the programme budget from a biennial to an annual budget period on a trial basis, starting in 2020.

4. The report of the Secretary-General contains: (a) proposals for the reorganization of the existing Department of Field Support and the Department of Management into two new departments — the Department of Management Strategy, Policy and Compliance and the Department of Operational Support; (b) revised estimates relating to the programme budget for 2018–2019; and (c) information on the Secretary-General’s proposed plans and intentions regarding delegation of authority, the United Nations accountability system and management culture and leadership issues. In his report, the Secretary-General also refers to a number of ongoing reviews which are an integral part of the reform process, including comprehensive reviews of the current policy and regulatory frameworks and an assessment of individual capacities and monitoring requirements. He also indicates that the Secretariat undertook a comprehensive mapping of the flow of the current delegations of authority (see para. 13 below).

II. Observations and recommendations

A. General observations

5. The Advisory Committee underlines once again the unique nature of the United Nations (see A/72/7/Add.24). As one of the six principal organs of the United Nations, the Secretariat implements mandates originating in the other five principal organs (the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council and the International Court of Justice), of a diverse and wide-ranging nature, extending from convening conferences, administering peacekeeping operations, mediating international disputes and organizing humanitarian relief programmes to surveying economic and social trends, preparing studies on and supporting human rights and sustainable development activities and laying the groundwork for international agreements. The Committee further recalls that, in his most recent report on the composition of the Secretariat (A/72/123), the Secretary-General indicated that, out of a total of 39,651 staff members of the United Nations Secretariat, 19,754 (49.8 per cent) are deployed in field operations and the remaining 50.2 per cent are dedicated to other functions, the majority of which are headquarters-based. **The Committee reiterates its view that any structures, policies, procedures and systems introduced need to be sufficiently adaptable to cover the needs of all parts of the Organization (Headquarters departments and offices, offices away from headquarters and regional commissions, field offices, field missions and**

peacekeeping operations) in implementing mandates and enhancing accountability, as well as to support the whole range of the Organization's normative, analytical and operational work, including field-based operations (see [A/72/7/Add.24](#), para. 6).

B. Management culture and leadership

6. The Secretary-General states that the Organization must address the shortcomings that he has identified in the management culture and leadership. Paragraphs 11 to 19 of the report provide information on the Secretary-General's assessment of the current management culture, the changes that are needed and the actions that he intends to undertake in order to achieve the desired change. In this regard, the Secretary-General states that: (a) the United Nations must move to a culture that is more focused on results than on processes, better manages administrative and mandate delivery risks, values innovation, demonstrates a higher tolerance for honest mistakes and a greater readiness to take prompt corrective action; (b) a revised set of leadership and management competencies will be created, against which senior leaders and managers will be assessed during recruitment and selection; (c) new tools, such as 360 degree evaluations and biannual employee engagement surveys, will be introduced so that managers can be provided with feedback on their actions; (d) leaders will be expected to use data to establish measurable key performance indicators, support continuous dialogue, assess impact and make informed decisions in order to enhance transparency; (e) mobility within and outside the United Nations will be promoted; and (f) talent should be developed through learning and performance management.

7. In his report, the Secretary-General further indicates that: (a) human resources policies are being simplified to support the delegation of authority to managers, as well as to reinforce accountability and transparency, and will be aligned with the above-mentioned new leadership and management competencies; (b) the Department of Management is undertaking an assessment of the performance management framework with a view to enabling and promoting a more agile approach and a culture of dialogue, collaboration and accountability for results; (c) further analysis will be conducted to determine the rewards that drive staff performance, and to improve accountability mechanisms, promote innovation and informed risk-taking; and (d) that further efforts will be made to accelerate the dismissal process for staff and managers who do not achieve the desired results or exhibit the required competencies (see paras. 12–14 below).

8. The Advisory Committee trusts that changes envisaged in the area of management culture and leadership will be developed in the context of the new human resources strategy, to be submitted for consideration by the General Assembly at its seventy-third session (see para. 14 below), and/or other organizational systems, such as the accountability, enterprise risk management and results-based management systems, to be addressed in future progress reports on accountability (see [A/72/773](#) and the forthcoming report of the Advisory Committee; see also para. 2 above and paras. 10–20 below).

9. The Advisory Committee welcomes the Secretary-General's focus on achieving a strong culture of accountability throughout the Secretariat. The Committee stresses, in particular, that the exemplary leadership of senior management is critical in setting the tone and standards for a strong culture of responsibility, accountability and personal integrity, which will also ensure compliance with regulations and rules, as well as the achievement of results. The Committee also stresses that failure to hold senior managers to account has a negative impact on the enforcement of standards of accountability among staff

at every level. The Committee trusts that the Secretary-General will continue to seek ways to further improve and strengthen management culture and leadership at the Secretariat.

C. Delegation of authority and accountability

10. Delegation of authority is discussed in paragraphs 48 to 54 of the report of the Secretary-General (see also [A/72/773](#)). The Secretary-General states that he intends to delegate full administrative authority for the stewardship of their financial, human and material resources directly to the heads of some 100 entities across the Secretariat (departments, offices, regional commissions, tribunals and field missions), who will, in turn, be responsible for subdelegating their authorities to others in the entity, based on functional responsibilities.

11. The Secretary-General further states that: (a) the scope of the delegation of authority necessary to carry out the responsibilities entrusted to the head of an entity will be determined by the Secretary-General, on the basis of guidance from the Department of Management Strategy, Policy and Compliance in consultation with the Department of Operational Support; and (b) the default starting position will be full delegation, but specific delegation portfolios will be tailored to each entity based on its capacity and capability to exercise delegations in an accountable manner. With regard to compliance and enforcement, the report of the Secretary General indicates that: (a) the Department of Management Strategy, Policy and Compliance will be responsible for monitoring and evaluating compliance with the delegation of authority framework and determining whether circumstances have arisen that justify the curtailment of any delegation, in whole or in part; (b) the Secretary-General will take remedial action upon the recommendation of the Under-Secretary-General of the Department of Management Strategy, Policy and Compliance, including by limiting, redirecting or withdrawing the authority in question; and (c) that the Department of Operational Support will work with the entity in question to enhance its capability until such time that the Department of Management Strategy, Policy and Compliance is confident that the entity can responsibly exercise the delegated authority.

12. Information on accountability issues is provided in paragraphs 55 to 64 of the report of the Secretary-General (see also [A/72/733](#)). **The Advisory Committee recalls that, in its resolution 72/266, the General Assembly stressed that accountability is a central principle of management reform.** In his report, the Secretary-General states his view that, at present, it is difficult to hold individual managers accountable for specific decisions or actions, owing to the complex nature of policies, processes and delegation of authority arrangements. The Secretary-General indicates that he intends to simplify the existing regulatory framework over the coming year and develop simplified policies and administrative guidance supported by simplified processes and procedures that can be more easily applied by staff, and enable better informed and accountable decision-making (see para. 14 below).

13. In this regard, in his report, the Secretary-General states that the Department of Management is reviewing the current policy and regulatory frameworks and procedures to ensure that they are clear and up to date, abolishing outdated administrative instructions, and revising and simplifying others. He also states in the report that the Secretariat undertook a comprehensive mapping of the flow of the current delegations of authority, and that a comprehensive review of the existing authorities and an assessment of individual capacities and monitoring requirements will be completed during 2018. **The Advisory Committee trusts that the Secretary-General will provide the General Assembly with information on the outcome of the comprehensive policy and regulatory reviews, as well as of the comprehensive**

mapping of the existing flow of delegation of authority and the assessment of individual capacities in his next report on accountability (see also para. 8 above).

14. The Secretary-General further states that the relevant financial and staff rules will be revised to reflect the change in modalities for the delegation of authority, and that all amendments to the financial and staff rules will be presented for the information of the General Assembly. Upon enquiry, the Advisory Committee was informed that the Secretariat will be in a position to identify the regulations and rules that will need to be amended only once all on-going reviews will have been completed. **The Committee trusts that the Secretary-General will include in his submission the rationale for the proposed amendments to regulations and rules (see [A/72/129/Rev.1](#).)**

15. The Secretary-General indicates that key aspects of managerial responsibility and accountability at all levels are detailed in his seventh progress report on accountability ([A/72/773](#)), in which he presents proposals for strengthening the Secretariat's accountability system in support of his proposed management paradigm. He states that the Organization as a whole, and its individual staff members, will be held accountable for delivering agreed results while complying with regulations, rules and ethical standards. Managers and staff will be required to manage risks and take corrective action to keep plans on track; monitor, evaluate and report on programmatic and managerial performance; and apply lessons learned to improve future planning. In addition, programme and financial performance of individual programmes will be reflected on dashboards which will be updated on a quarterly basis and made accessible to Member States and staff. The Secretary-General further indicates his intention to strengthen the implementation of results-based management and prioritize risk management, as well as to introduce a "three lines of defence" model which is intended to clarify essential roles and responsibilities for risk management and internal controls within the Organization and improve the effectiveness of the risk management systems.

16. The Advisory Committee will comment in detail and follow up on the above issues in its forthcoming report on the Secretary-General's seventh progress report on accountability ([A/72/773](#)), including the proposed accountability framework, delegation of authority, performance management and reporting, results-based management, internal controls, enterprise risk management and the three lines of defence model.

17. **At the present stage, the Advisory Committee notes that the report of the Secretary-General proposes a framework for strengthening the accountability system, which, in its view, constitutes only first step in the accountability process, given that reviews of the current regulatory and policy frameworks and mapping of existing delegated authorities and capacities are under way, and that any eventual changes that may be required to staff and financial regulations and rules have not yet been identified. Details on how delegation of authority is to be exercised, how compliance is to be monitored and reported on and how a robust system of checks and balances would be maintained remain to be developed and finalized. Details also need to be clarified on modalities such as the current and proposed delegations and thresholds for financial commitments and procurement; and how the individuals to whom authority is to be delegated will be held to account, including the actions that will be taken when the delegated authority is not properly exercised, results in poor performance or inefficient/wasteful use of resources; as well as the criteria for withdrawing the delegated authorities (see [A/72/773](#) and the forthcoming report of the Committee).**

18. The Advisory Committee also emphasizes the need to establish well-defined roles and responsibilities for the individuals at all levels to whom authority is delegated, as well as to clarify the changes to the roles and distribution of the authorities delegated to the existing Under-Secretaries-General for Management and Field Support; the Assistant Secretary-General for Programme Planning, Budget and Accounts, Controller; the Assistant Secretaries-General for Central Support Services, Human Resources Management and Field Support; the Assistant Secretary-General, Chief Information Technology Officer; and the Director of the Logistics Division.¹ **The Committee recommends that the General Assembly request the Secretary-General to provide, in his next report on accountability, information on progress made towards the establishment of well-defined roles and responsibilities of the individuals at all levels to whom authority is to be delegated (see [A/72/773](#) and the forthcoming report of the Committee).**

19. In his report on management reform ([A/72/492/Add.2](#)) the Secretary-General states that delegation of authority would be based on a careful consideration of the capacities of managers to receive greater delegation of authority and their abilities to properly execute it. The Secretary-General further states that a management architecture with dedicated capacities for improved effectiveness and enhanced accountability are prerequisites for direct delegation (*ibid.*, para. 26). **The Advisory Committee trusts that, in relation to the implementation of the proposed system of delegation of authority, assurances will be provided to the General Assembly that the requisite safeguards (see paras. 18 and 19 above), including risk and accountability mechanisms, are in place to ensure responsible exercise of the delegation of authority and stewardship of resources.**

20. With regard to accountability relating to budgetary matters, the Secretary-General indicates that the Assistant Secretary-General, Controller, and the Office of Finance and Budget in the Department of Management Strategy, Policy and Compliance will be primarily responsible for the preparation of the budget and performance reports relating to the regular budget, the peacekeeping budgets and the budgets of international tribunals, as well as for the presentation of all programme and budget documents, before intergovernmental bodies. **The Advisory Committee considers that budgets and performance reports constitute primary instruments of accountability with respect to the utilization of resources for the delivery of mandates. It emphasizes that the heads of entities to whom authority will be delegated are required to assume full responsibility for the utilization of resources, as well as to take full ownership of and present their proposals and performance reports before the relevant intergovernmental bodies.**

¹ Under the current financial regulations and rules of the United Nations, authority for the management of human, financial and physical resources within the Secretariat is delegated by the Secretary-General to the Under-Secretary-General for Management, who further delegates authority and responsibility for implementing the Financial Regulations and Rules of the United Nations to the Assistant Secretary-General, Controller, and to the Assistant Secretary-General for Central Support Services in the form of an administrative instruction ([ST/AI/2016/7](#)). Those officials may, in turn, delegate authority and responsibility to other officials, as appropriate and as provided for under the current system of accountability and delegation of authority. Delegation of authority in the administration of the Staff Regulations and Rules is set out in a Secretary-General's bulletin ([ST/SGB/2015/1](#)).

D. Restructuring proposals

1. Overview of the proposed structures

21. The Secretary-General states that his report contains proposals for reorganizing the current management structures at Headquarters to enable and ensure the accountable exercise of delegated authorities in support of effective and full mandate delivery, and that the reorganization will lead to the creation of a Department of Management Strategy, Policy and Compliance with a clear policy, strategy and compliance role and a Department of Operational Support focused on operations, services, transactions and surge support to entities in weak environments. Both departments will service and support the entire Secretariat — at Headquarters, the regional commissions and offices away from Headquarters and in the field (see [A/72/492/Add.2](#), summary). In his report, the Secretary-General further states that, in order to minimize disruptions in support and to leverage the specialized knowledge and relationships that have been built up over time, the Secretariat envisages that the offices away from Headquarters and regional commissions will continue to deliver location-dependent services, on the one hand, and, on the other, operational support functions to their existing clients on behalf of the Department of Operational Support (*ibid.*, para. 29).

22. An overview of the proposed structure is provided in section II of the report of the Secretary-General ([A/72/492/Add.2](#), paras. 23 to 47). Sections VI, VII and VIII of the report of the Secretary-General provide more details on the composition of the proposed departments and the functions of the individual offices, divisions and services under each department. Section X of the report of the Secretary-General provides the revised estimates for the programme budget for 2018–2109 arising from the Secretary-General's proposals (see para. 39 below). Upon enquiry, the Advisory Committee was provided with detailed organizational charts of the proposed Department of Management Strategy, Policy and Compliance and the Department of Operational Support, which are attached as annex I to the present report. Annex II to the present report provides a summary of the current and proposed distribution of post resources.

23. The proposed new departments and reorganized Office of Information and Communications Technology would be structured as follows:

(a) The proposed Department of Management Strategy, Policy and Compliance would be composed of: (i) an Office of the Under-Secretary-General comprising an immediate office of the Under-Secretary-General, an Inter-Agency and Intergovernmental Service, a secretariat of the Administrative and Budgetary (Fifth) Committee of the General Assembly and the Committee for Programme and Coordination, a Management Evaluation Unit, a Business Partner Service, and an Umoja Enterprise Resource Planning Project Team; (ii) an Office of Finance and Budget comprising an Office of the Assistant Secretary-General, Controller, a Finance Division, a Field Operations Finance Division and a Programme Planning and Budget Division; (iii) an Office of Human Resources comprising an Office of the Assistant Secretary-General, a Global Strategy and Policy Division and an Administrative Law Division; and (iv) a new Business Transformation and Accountability Division comprising an Accountability Systems Service, a Monitoring and Evaluation Service, an Analytics and Project Management Service, a secretariat of the Advisory Committee on Procurement and the Property Survey Board and a secretariat of the Vendor Review Committee ([A/72/492/Add.2](#), paras. 67–155);

(b) The proposed Department of Operational Support would be composed of: (i) an Office of the Under-Secretary-General for Operational Support comprising a front office, an Audit Response and Boards of Inquiry Section, an Environment

Section and a Performance and Analytics Section; (ii) an Office of Support Operations comprising an office of the Assistant Secretary-General for Support Operations, a Capacity Development and Operational Training Service, a Human Resources Services Division and a Health-Care Management and Occupational Safety and Health Division (iii) an Office of Supply Chain Management comprising a front office of the Office of the Assistant Secretary-General for Supply Chain Management, an Aviation Safety Team and an Enabling Section reporting directly to the Assistant-Secretary-General, a Logistics Division, a Procurement Division and a Uniformed Capabilities Support Division; (iv) a Division for Special Activities comprising an Office of the Director, a Client Support and Special Situations Section, an Operational Planning Service, a Resource Planning and Analysis Section, a Support Partnerships Service and integrated operational teams; and (v) a Division of Administration comprising an Office of the Director, a Headquarters Client Support Section, a Headquarters Information and Communications Technology Support Section and a Facilities and Commercial Activities Service (*ibid.*, paras. 166–247);

(c) The proposed reorganized Office of Information and Communications Technology would report to the Under-Secretaries-General of both the Department of Management Strategy, Policy and Compliance and the Department of Operational Support and be composed of: (i) an Office of the Assistant Secretary-General, Chief Information Technology Officer, comprising the immediate office of the Assistant Secretary-General and a Cybersecurity Team and an Enterprise Programme Management Team reporting directly to the Chief Information Technology Officer; (ii) an Operations Support Division comprising an Office of the Director, a Service Operations Service, a Technology Operations Service, a Regional Service Management Service, and a Technology Solutions Section; (iii) a Policy, Strategy and Governance Division comprising an Office of the Director, a Data Management and Privacy Unit, a Policy and Compliance Service and a Records Management Unit; and (iv) an Enterprise Solutions Service comprising an Office of the Chief, an Enterprise Applications Centre for the Americas and an Enterprise Applications Centre for Asia (*ibid.*, paras. 248–274).

24. Upon enquiry, the Advisory Committee was informed that the Secretariat would follow the established nomenclature in the designation of organizational structures at all levels, including divisions, services and sections. **The Committee stresses the need for consistent application of the established nomenclature and trusts that the designation of all the proposed organizational structures under the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Office of Information and Communications Technology will be aligned accordingly (see para. 46 below).**

25. While observing that the Secretary-General's proposal involves the redeployment of individual posts across many organizational structures, the Advisory Committee notes that the salient features of the Secretary-General's proposed reorganization include the following:

Department of Management

(a) **Office of the Under-Secretary-General for Management.** The functions of the current Office of the Under-Secretary-General for Management would mostly be carried over to the proposed Office of the Under-Secretary-General for Management in the Department of Management Strategy, Policy and Compliance, except for: (i) the current secretariat of the Headquarters Committee on Contracts and Headquarters Property Survey Board, which it is proposed be renamed as the secretariat of the Advisory Committee on Procurement and the Property Survey Board and be redeployed to the Business Transformation and Accountability Division in the Department of Management Strategy, Policy and Compliance; and (ii) the functions

and resources of the current Policy and Oversight Coordination Service, which would mostly be redeployed to the Accountability Systems Service and the Monitoring and Evaluation Service in the Business Transformation and Accountability Division in the Department of Management Strategy, Policy and Compliance;

(b) **Office of Programme Planning, Budget and Accounts.** The functions of the current Office of Programme Planning, Budget and Accounts would mostly be carried over to the proposed Office of Finance and Budget in the Department of Management Strategy, Policy and Compliance. Some post resources from the current Accounts Division and Financial Information and Operations Service would be redeployed to the proposed Business Transformation and Accountability Division in the Department of Management Strategy, Policy and Compliance under the Office of the Director, the Accountability Systems Service, the Monitoring and Evaluation Service and the Analytics and Project Management Service. It is proposed that the current post of Director of the Accounts Division be redeployed and reassigned as Director of the Business Transformation and Accountability Division;

(c) **Office of Human Resources Management.** The functions of the current Office of Human Resources Management would mostly be carried over to the proposed Office of Human Resources in the Department of Management Strategy, Policy and Compliance, except for: (i) the functions and resources of the current Medical Services Division, which would mostly be redeployed to the proposed Occupational Safety and Health Division under the Office of Support Operations in the Department of Operational Support; and (ii) the staffing functions in the current Strategic Planning and Staffing Division, which would be redeployed to the proposed Staffing Service of the Human Resources Services Division of the Department of Operational Support. In addition, some post resources from the current Strategic Planning and Staffing Division would be redeployed to the proposed Division of Administration of the Department of Operational Support;

(d) **Office of Central Support Services.** The current Office of Central Support Services would no longer exist, and its functions and resources would be distributed as follows: (i) the functions and resources of the current Procurement Division would mostly be redeployed to the Procurement Division under the proposed Office of Supply Chain Management in the Department of Operational Support; (ii) the property management functions of the current Facilities and Commercial Services Division would be redeployed to the proposed Office of Finance and Budget in the Department of Management Strategy, Policy and Compliance, and the remaining functions, including planning, design and construction, travel and transportation, plant engineering and archives and records management would mostly be redeployed to the proposed Facilities and Commercial Activities Service under the Division of Administration in the Department of Operational Support. The current post of Assistant Secretary-General for Central Support Services would be redeployed and reassigned as the proposed post of Assistant Secretary-General for Supply Chain Management in the Office of Supply Chain Management in the Department of Operational Support;

(e) **Office of Information and Communications Technology.** The functions of the current Office of Information and Communications Technology would mostly remain within the proposed Office, except for the current Global Operations Division, the functions of which would mostly be redeployed to the proposed Division of Administration under the Department of Operational Support. The current post of Director, Information Systems in the current Global Operations Division would be redeployed and reassigned as the proposed post of Director of the Division for Special Activities under the Department of Operational Support.

Department of Field Support

(f) **Office of the Under-Secretary-General.** The functions of the current Office of the Under-Secretary-General for Field Support would mostly be carried over to the proposed Office of the Under-Secretary-General in the Department of Operational Support, as well as to different offices in the Department of Management Strategy, Policy and Compliance;

(g) **Field Personnel Division.** The functions of the current Field Personnel Division would mostly be redeployed within the proposed Department of Operational Support, mainly to the proposed Human Resources Services Division in the Office of Support Operations, as well as to the proposed Division for Special Activities and the Division of Administration under the Department of Operational Support;

(h) **Logistics Support Division.** The functions of the current Logistics Support Division would mostly be redeployed to the proposed Logistics Division in the Office of Supply Chain Management under the Department of Operational Support;

(i) **Information and Communications Technology Division.** The current Information and Communications Technology Division in the Department of Field Support would no longer exist, and its functions would be redeployed mostly to the proposed reorganized Office of Information and Communications Technology;

(j) **Field Budget and Finance Division.** The functions of the current Field Budget and Finance Division in the Department of Field Support would mostly be redeployed to the proposed Uniformed Capabilities Support Division in the Office of Supply Chain Management in the Department of Operational Support, as well as to the proposed Capacity Development and Operational Training Service in the Office of Support Operations in the Department of Operational Support.

26. In paragraphs 3 to 7 of his report, the Secretary-General provides the rationale for his management reform proposals and information on the improvements expected. He indicates that the proposed reorganization of the management structures at Headquarters is intended to support and facilitate the paradigm shift to a decentralized Secretariat and empower managers to determine how best to use their resources to support mandate implementation. He states that the restructuring is intended to create structures that can support managers in the proper exercise of their delegated authorities. He also states that, over time, the full implementation of the reforms will yield a range of benefits, including improved effectiveness of mandate delivery, improved transparency and accountability and enhanced confidence in the ability of the United Nations to deliver on the mandates entrusted to it by Member States. **The Advisory Committee shares the Secretary-General's view that the management reform should be aimed at enhancing support to programme delivery and stresses the importance of achieving greater efficiency and effectiveness in the management and utilization of financial, physical and human resources. As in the case of other major reform initiatives,² and as repeatedly recommended by the Board of Auditors and requested by the General Assembly,³ the Committee emphasizes the need to establish at the start of the process the expected benefits and baseline information, the methods for monitoring, measuring and reporting on progress, and plans for the realization of benefits.**

² For example, the project for the implementation of the global field support strategy; Umoja, the enterprise resource planning project (see [A/72/7/Add.31](#)); and the International Public Sector Accounting Standards project (see [A/67/564](#)).

³ See [A/66/5 \(Vol. II\)](#), [A/66/151](#), [A/72/157](#) and General Assembly resolutions [66/246](#) and [71/272 A](#).

2. Comments and recommendations on the proposed structures

(a) Procurement function

27. The Advisory Committee recalls that, in its previous report, it recommended that the General Assembly request the Secretary-General to clarify a number of issues regarding his plans for the integration of the Procurement Division into the supply chain management pillar, including the expected impact of the proposed integration on: the governance arrangements for procurement functions; the delegation of authority, accountability and the management of procurement risks; changes to the Financial Regulations and Rules of the United Nations; the procedures and safeguards to be put into place to ensure proper segregation of duties between the requisitioning, reception, procurement, delivery, inventory and contract management functions; and details on how the independence of the procurement function and its protection from undue influence would be upheld (see [A/72/7/Add.24](#), para. 23).

28. Information on the Secretary-General's proposals for the Office of Supply Chain Management is provided in paragraphs 187 to 226 of the report. The Secretary-General proposes to integrate the Procurement Division into the Office of Supply Chain Management, together with the Logistics Division. He states that this would strengthen collaboration and coordination between the two divisions, enable a faster, less fragmented and more responsive acquisition process and enhance communication with clients and stakeholders. He also asserts that the safeguards necessary to maintain segregation of duties, accountability and risk levels can be applied under the proposed structure of the Office of Supply Chain Management. The Secretary-General states that the core procurement functions, such as solicitation exercises, commercial evaluations, recommendations of qualified offers and contract administration, will remain independent of the requisitioners to ensure compliance with the Financial Regulations and Rules and associated internal controls, with each person's roles clearly mapped in Umoja in line with his or her respective responsibilities in order to help to ensure transparency, segregation of duties and accountability in procurement.

29. The Advisory Committee recognizes that a well-functioning process for the acquisition of goods and services that responds to the operational needs of clients in a timely, efficient and effective manner is essential, in particular in field missions, and that deficiencies in the supply chain and procurement processes present significant operational risks for effective mandate delivery. The Committee is also of the view that strong collaboration, coordination and cooperation between the procurement and logistics divisions are essential to ensure an effective acquisition process. In this regard, the Committee recalls that it has highlighted on several occasions the need to improve the functioning of the supply chain in the Secretariat, starting from early planning for acquisitions (see, for instance, [A/68/782](#), paras. 244–249).

30. At the same time, the Advisory Committee emphasizes that, in addition to the operational risks related to the ineffective supply of goods and services, the conduct of procurement functions in an organization such as the United Nations carries high financial and reputational risks. The Committee notes that, currently, the Department of Field Support is responsible for field requirements, such as air operations, movements of personnel and the provision of fuel, generators and food rations, and that the Logistics Support Division serves as the requisitioning entity for those requirements. In view of the volume and value of United Nations procurement, and taking into account the high-risk environments in which the United Nations operates, the Committee stresses the importance of a strong, independent procurement function assisted by a robust procurement governance framework that supports the enforcement of policies and procedures, reduces the risks of fraud and ensures that

the procurement function is staffed with fully trained procurement professionals at all stages of the process (see [A/72/773](#), paras. 11–16). In this regard, the Committee underlines the need to ensure the integrity of the procurement process and maintain the strict segregation of duties and separate reporting lines between the requisitioning and procuring entities, as well as separation between the conduct of technical and commercial evaluations. The Committee further emphasizes that the implementation of an end-to-end supply chain process and the need for strengthened collaboration between the procurement and logistics divisions do not require the two divisions to be placed in the same office, with a common reporting line. Moreover, in the Committee's view, the implementation of an integrated supply chain module in Umoja should facilitate the flow of information, support improved communications and coordination and strengthen the supply chain process.

31. In view of the foregoing, the Advisory Committee recommends that the General Assembly request the Secretary-General to consider reviewing the proposed placement of the procurement function and related enabling functions in the Department of Operational Support. In this regard, the Committee is of the view that the placement of the Procurement Division within the proposed new structures of the Department of Management Strategy, Policy and Compliance would maintain an essential segregation of duties and strong internal control. The Committee also recommends that the General Assembly request the Secretary-General to consider reviewing the proposed designation of the Headquarters Committee on Contracts as the Advisory Committee on Procurement and the proposed placement of the secretariat of the Advisory Committee on Procurement under the Director (D-2) of the Business Transformation and Accountability Division⁴ (see para. 25 (a) above). Furthermore, the Committee is of the view that additional measures should be put into place to support operational effectiveness and strengthen communication and collaboration between the procurement and the logistics divisions, including accountability measures, and that the Secretary-General should report on this matter in his next report.

(b) Human resources function

32. The Advisory Committee notes that the human resources functions would be split between the Office of Human Resources in the Department of Management Strategy, Policy and Compliance and the Human Resources Services Division in the Office of Support Operations of the Department of Operational Support, mostly under current lines, except for: (a) the Conduct and Discipline Unit, which would be transferred from the Department of Field Support in the Office of the Under-Secretary-General to the Office of Human Resources in the Department of Management Strategy, Policy and Compliance; (b) the Medical Services Division, which would be transferred from the Department of Management in the Office of Human Resources Management to the Occupational Safety and Health Division in the Office of Support Operations of the Department of Operational Support; and (c) the Staffing Service in the Human Resources Services Division of the Department of Operational Support, which is proposed to be established through the consolidation of staffing functions in the current Field Personnel Division of the Department of Field Support and the current Strategic Planning and Staffing Division in the Office of Human Resources Management of the Department of Management.

33. The Advisory Committee is of the view that the distribution of functions between the Office of Human Resources of the Department of Management Strategy,

⁴ The current secretariat of the Headquarters Committee on Contracts is placed directly under the Under-Secretary-General for Management.

Policy and Compliance and the Human Resources Services Division of the Department of Operational Support lacks clarity in certain cases. For instance, there appear to be some overlapping staffing functions between the Strategic Talent Management Service of the Department of Management Strategy, Policy and Compliance ([A/72/492/Add.2](#), paras. 119 and 120) and the Staffing Service of the Department of Operational Support (*ibid.*, paras. 178–180). Similarly, in the Committee’s view, there appears to be some blurring of responsibilities for the provision of advisory services among the Operational Support and Advisory Service of the Department of Operational Support (*ibid.*, paras. 181–183), the Office of Human Resources and the Business Partner Service of the Department of Management Strategy, Policy and Compliance. In addition, other entities appear to be involved in providing support and advice on human resources matters. For instance, the Secretary-General indicates in his report that, for transactional services within the scope of the global service delivery model, the primary entry points for clients will be the shared service centres (*ibid.*, para. 182). The Committee also notes that the Secretary-General intends to delegate human resources management functions to heads of United Nations entities, which would also have an impact on the human resources services to be provided centrally.

34. In view of the foregoing, the Advisory Committee is not convinced of the effectiveness of the proposed separation of human resources functions among the Office of Human Resources of the Department of Management Strategy, Policy and Compliance and the Human Resources Services Division of the Department of Operational Support. Accordingly, the Committee recommends that the General Assembly request the Secretary-General to consider consolidating human resources functions under a single administrative structure, with a view to ensuring a unified approach, optimizing the distribution of functions and avoiding duplication.

(c) Office of Information and Communications Technology

35. The Advisory Committee notes that the Office of Information and Communications Technology is proposed to be established through the consolidation of the existing Office of Information and Communications Technology of the Department of Management and the Information and Communications Technology Division of the Department of Field Support. The Secretary-General indicates in his report that the Office will perform policy- and standard-setting functions and deliver operational support to clients throughout the Secretariat. He also indicates that the placement of information and communications technology (ICT) strategy, policy and compliance functions within the same office as ICT operations will enable rapid and responsive service delivery, in particular in relation to standards and architecture, and will facilitate continual updates of and improvements to the compliance framework. **The Committee welcomes the proposed consolidation of the current Office of Information and Communications Technology and the current Information and Communications Technology Division of the Department of Field Support. The Committee notes that this approach is fully aligned with the ICT strategy for the United Nations which is being implemented pursuant to General Assembly resolution 69/262.**

36. In his report, the Secretary-General indicates that the Office of Information and Communications Technology is proposed to be established as a separate entity with dual reporting lines to the Under-Secretaries-General of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support. **The Advisory Committee is of the view that the proposed reporting arrangements may present some managerial challenges and questions their effectiveness in the context of day-to-day operations and decision-making. The Committee recommends that the General Assembly request the Secretary-General to closely monitor and keep under review the implementation of the proposed reporting arrangements of the**

proposed reorganized Office of Information and Communications Technology and to report on this matter in his next report.

37. In his report, the Secretary-General proposes to redeploy the New York Headquarters campus ICT operations from the Office of Information and Communications Technology of the Department of Management to the Division of Administration of the Department of Operational Support ([A/72/492/Add.2](#), para. 244). The Advisory Committee is of the view that the expected benefits of a unified structure that are set out in paragraphs 248 to 260 of the report of the Secretary-General also apply to the centralized provision of ICT services at Headquarters. **Accordingly, the Committee recommends that the General Assembly request the Secretary-General to maintain within the Office of Information and Communications Technology the functions of ICT support operations at Headquarters that are proposed to be redeployed to the Division of Administration of the Department of Operational Support.**

(d) United Nations Headquarters offices in Geneva, Vienna and Nairobi

38. The Advisory Committee recalls that the resource requirements of the United Nations Headquarters offices in Geneva, Vienna and Nairobi are distributed across multiple budget sections. For instance, in the case of the United Nations Office in Geneva, the resource requirements are presented under: section 1, Overall policymaking, direction and coordination, for the Office of the Director-General; section 2, General Assembly and Economic and Social Council affairs and conference management, for the Division of Conference Management; subsection 29F, Administration, Geneva, as part of section 29, Management and support services, for the Division of Administration; and section 28, Public information, for the Information Service. **The Committee trusts that the Secretary-General will clarify how the delegation of authority for the management of human, financial and material resources is to be granted and managed for the Headquarters offices in Geneva, Vienna and Nairobi, in view of the submission of their resource requirements across multiple budget sections.**

(e) Revised estimates

39. Section X of the report of the Secretary-General provides information on the changes arising from the reorganization of the Department of Management and the Department of Field Support as the new Department of Management Strategy, Policy and Compliance and Department of Operational Support with respect to the biennial programme plan and priorities for the period 2018–2019 and the programme budget for the biennium 2018–2019, including information on the post and financial resources proposed to be funded under other assessed and extrabudgetary resources. Annex III to the report of the Secretary-General contains information on the impact of the reorganization on post resources, including redeployments, reassignments and reclassifications, and the associated financial resource requirements for the period from 1 January to 30 June 2019 as proposed in the budget for the support account for peacekeeping operations. **The Advisory Committee considers that, taking into account its observations and recommendations in the present report, the details in section X of the report of the Secretary-General and the presentation of the resource requirements under the peacekeeping support account for the period 2018/19 (see [A/72/790/Rev.1](#) and [A/72/857](#)) need to be updated and presented to the General Assembly for its consideration (see para. 46 below).**

III. Other matters

A. Implementation of the programme budget for 2018–2019

40. In paragraph 287 of his report, the Secretary-General proposes that the 5 per cent reduction in post resources under subsections 29C, Office of Human Resources Management, 29D, Office of Central Support Services, and 29E, Office of Information and Communications Technology, of the programme budget for 2018–2019 that was decided by the General Assembly in its resolution 72/261 not be applied for the year 2019 to the two new proposed departments (see para. 43 below). **The Advisory Committee trusts that the aforementioned 5 per cent reduction in post resources under subsections 29C, 29D and 29E will be applied in estimating the resource requirements for 2019. The Committee also trusts that the reduction is being applied in implementing the programme budget for 2018–2019 effective 1 January 2018 (see also paras. 43–44 below).**

B. Scalability

41. In response to a request made by the Advisory Committee in its previous report (see A/72/7/Add.24, para. 39), annex II to the report of the Secretary-General includes a brief analysis of the scalability of the proposed Department of Operational Support. The Secretary-General notes that, while requirements of all Secretariat departments depend to some extent on the amount of support delivered to clients across the Secretariat, the relationship between staffing and support requirements is not linear and depends on the nature of the function. For such functions as executive direction and management, resource requirements may be quite static, whereas for other functions that are more scalable, resource requirements may depend on a variety of factors. For example, the staffing requirements of functions related to service delivery and capacity-building depend on the number of personnel to be served, whereas for such functions as roster management, staffing requirements may depend on the number of rosters to update and the number of applicants for generic job openings. The Secretary-General also notes that, although scalability in such functions applies to all organizational units, volatility in the number of staff or other client entities exists primarily in field operations, and that changes in the level of staffing requirements for scalable functions occur primarily as a result of changes in the number and size of field missions.

42. The Advisory Committee considers that it is important to identify the different categories of functions and services to be provided and to determine the relationship between activity levels and staffing requirements for each category, taking into account the complexity of the functions and other relevant criteria. The Committee stresses the need, in developing a scalability model, to take into account efficiency gains expected through further process improvements and automation with the implementation of Umoja Extension 2 and other business transformation initiatives. **The Committee encourages the Secretary-General to develop a scalability model to guide staffing requirements for support functions within the Secretariat. The Committee trusts that an update on progress made will be provided in future reports and that adjustments in resource requirements will be reflected in future budget proposals (see also para. 46 below).**

C. Efficiency gains

43. The Secretary-General states that the proposed restructuring of the Department of Management and Department of Field Support is post- and cost-neutral (see para. 40 above and is not intended as a cost-cutting exercise (see para. 10 and annex II, paras. 4 and 19, of [A/72/492/Add.2](#)).

44. The Advisory Committee considers that organizational structures should be reorganized to respond to strategic, governance, managerial or operational requirements rather than to cut costs. It also notes that the Secretary-General indicates that the proposed reorganization will allow the Secretariat to eliminate duplication, streamline processes, create synergies and provide more timely and effective management support to programme and mandate delivery across the Secretariat (*ibid.*, para. 26). While the Committee agrees that improvements in management support to programme and mandate delivery must be prioritized, it is also of the view that a cost- and post-neutral outcome of the reorganization exercise should not necessarily be the starting position established at the outset of the process. **The Committee trusts that the Secretary-General will continue to seek ways to eliminate duplication and overlapping and achieve the most effective and efficient structures possible, and that the outcome of such efforts will be reflected in the resource requirements (see para. 46 below). The Committee also trusts that the Secretary-General will establish a baseline of the situation at the start of the process, from which to assess improvements.**

D. Ongoing business transformation initiatives

45. The Advisory Committee recalls that there are several ongoing business transformation initiatives that are related to the Secretary-General's proposals for management reform. The most important of such initiatives include the enterprise resource planning system, Umoja, the global service delivery model, and the implementation of the ICT strategy and staff mobility system. The Committee trusts that the Secretary-General will provide further information on those initiatives and how they are affected by the management reform in future reports.

IV. Conclusions and recommendations

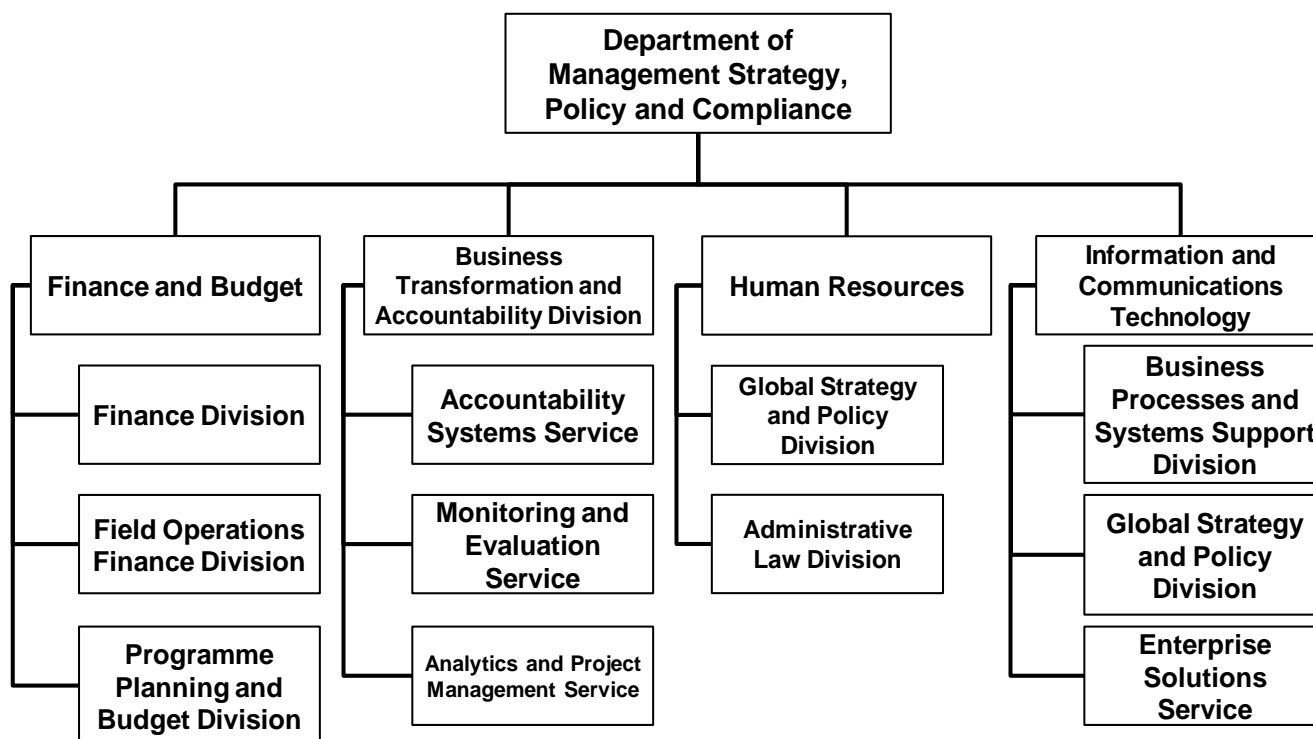
46. The actions requested of the General Assembly are set out in paragraph 504 of the report of the Secretary-General. **Subject to its observations and recommendations above, including in paragraphs 31, 34, 38 to 40 and 44, the Advisory Committee recommends that the General Assembly approve the proposed reorganization of the current Department of Management and Department of Field Support into the proposed new Department of Management Strategy, Policy and Compliance and Department of Operational Support, and request the Secretary-General to present the related updated revised estimates under the programme budget for 2018–2019 and the updated resources for the peacekeeping support account for the 2018/19 period.**

Annex I

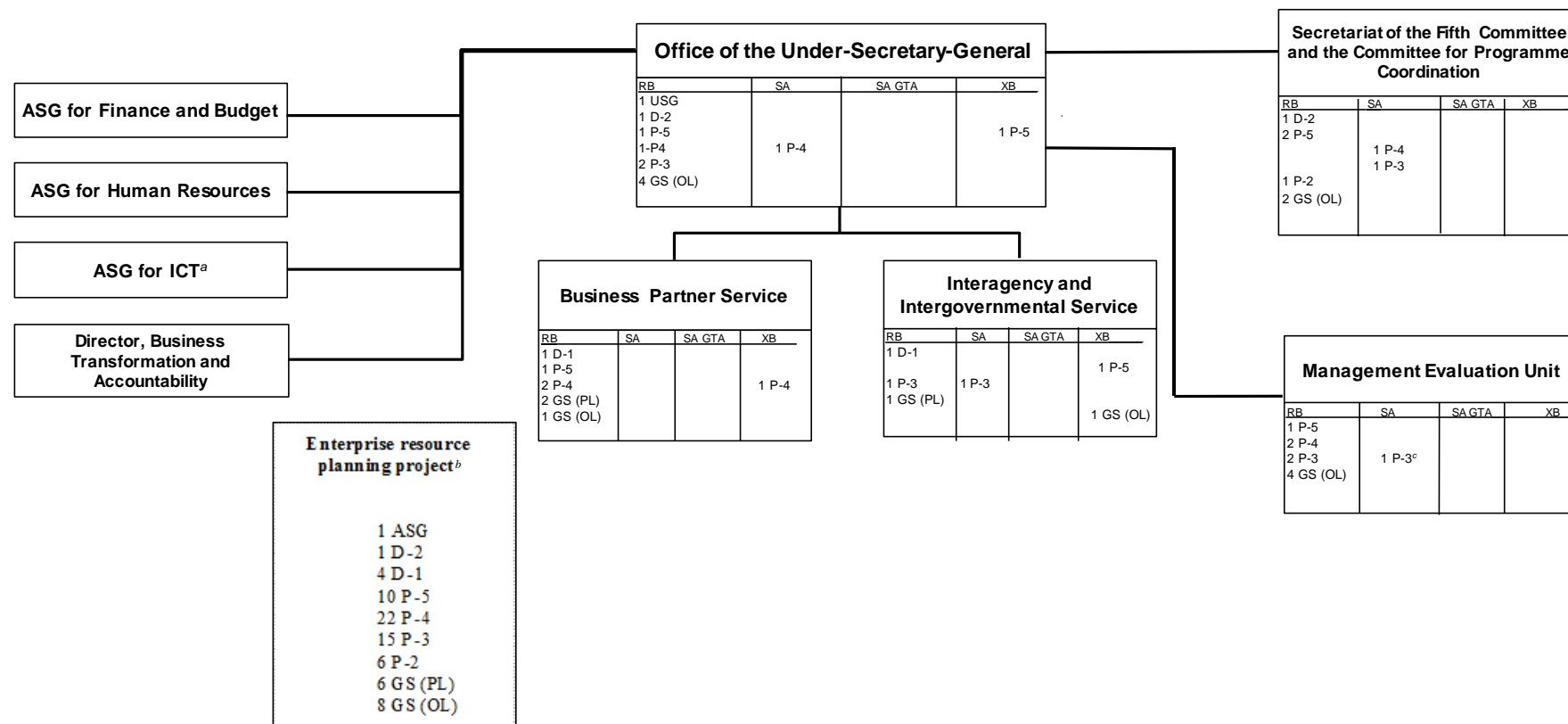
Detailed organization charts of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support

I. Department of Management Strategy, Policy and Compliance

High-level organization chart



Department of Management Strategy, Policy and Compliance Office of the Under-Secretary-General



Abbreviations: ASG, Assistant Secretary-General; DOS, Department of Operational Support; GS, General Service; GTA, general temporary assistance; ICT, information and communications technology; OL, Other level; PL, Principal level; RB, regular budget; SA, support account; USG, Under-Secretary-General; XB, extrabudgetary.

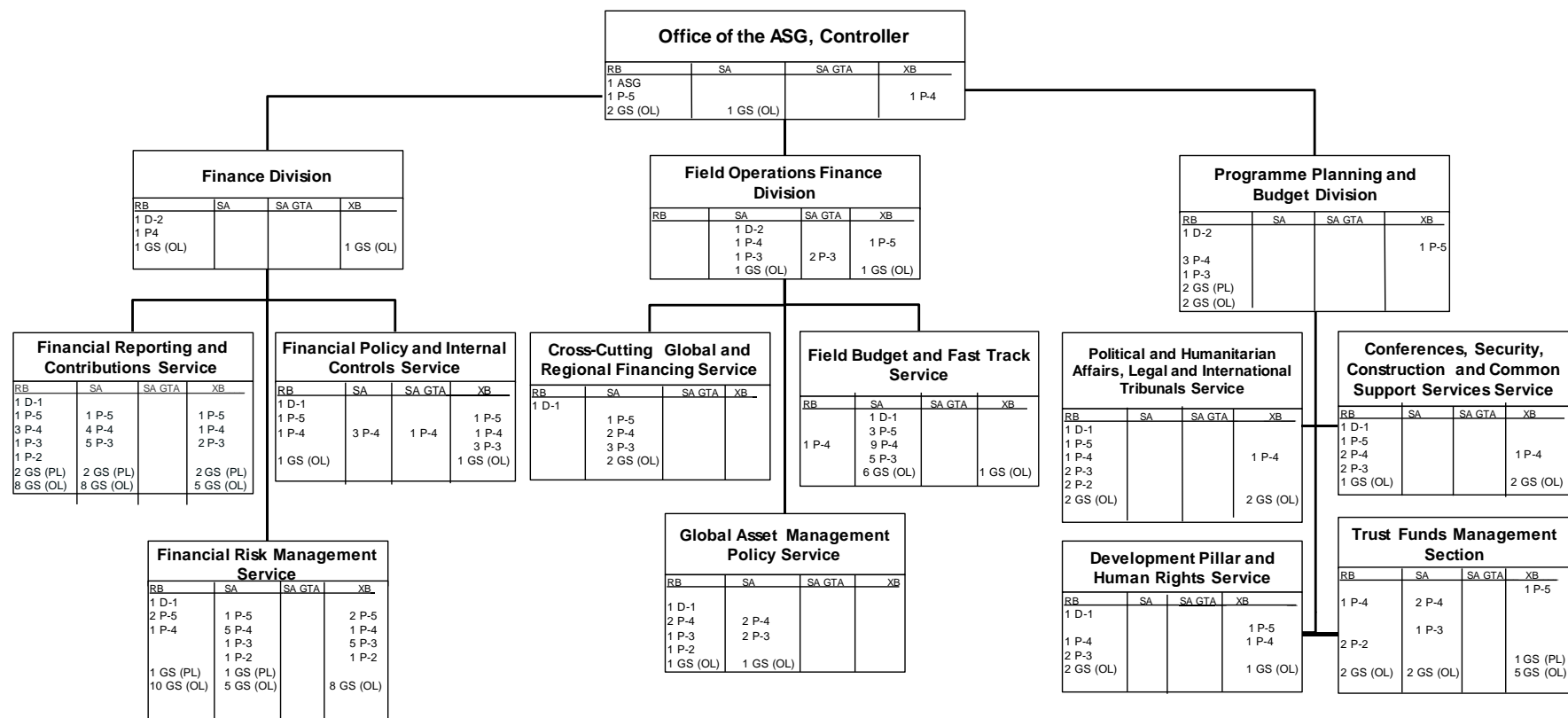
^a Dual reporting line to the Under-Secretary-General of the Department of Operational Support.

^b Temporary posts funded jointly from the regular budget, peacekeeping support account and extrabudgetary resources.

^c Proposed for creation in the Support Account budget.

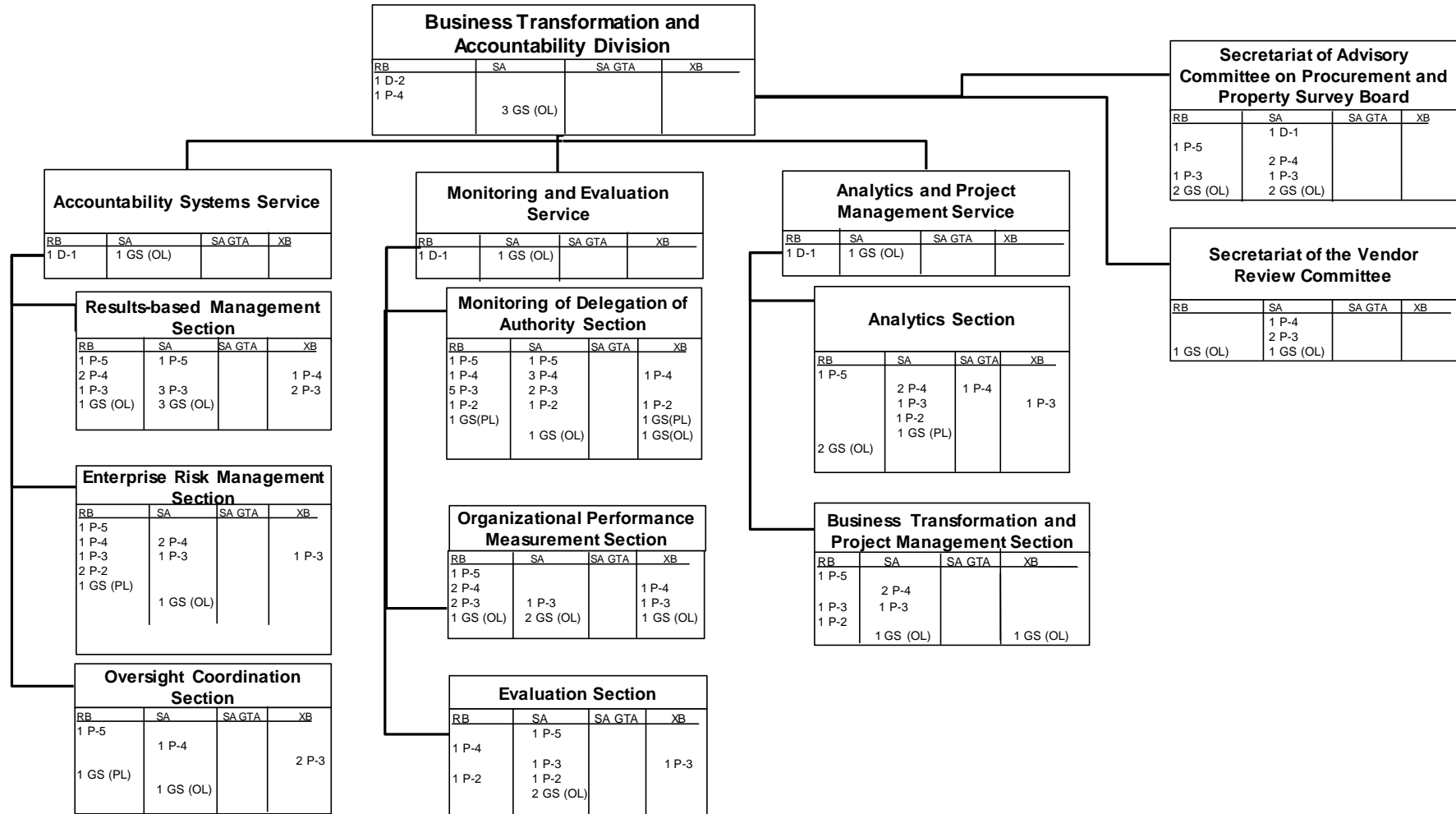
Department of Management Strategy, Policy and Compliance

Office of Finance and Budget



Abbreviations: ASG, Assistant Secretary-General; GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level; RB, regular budget; SA, support account; XB, extrabudgetary.

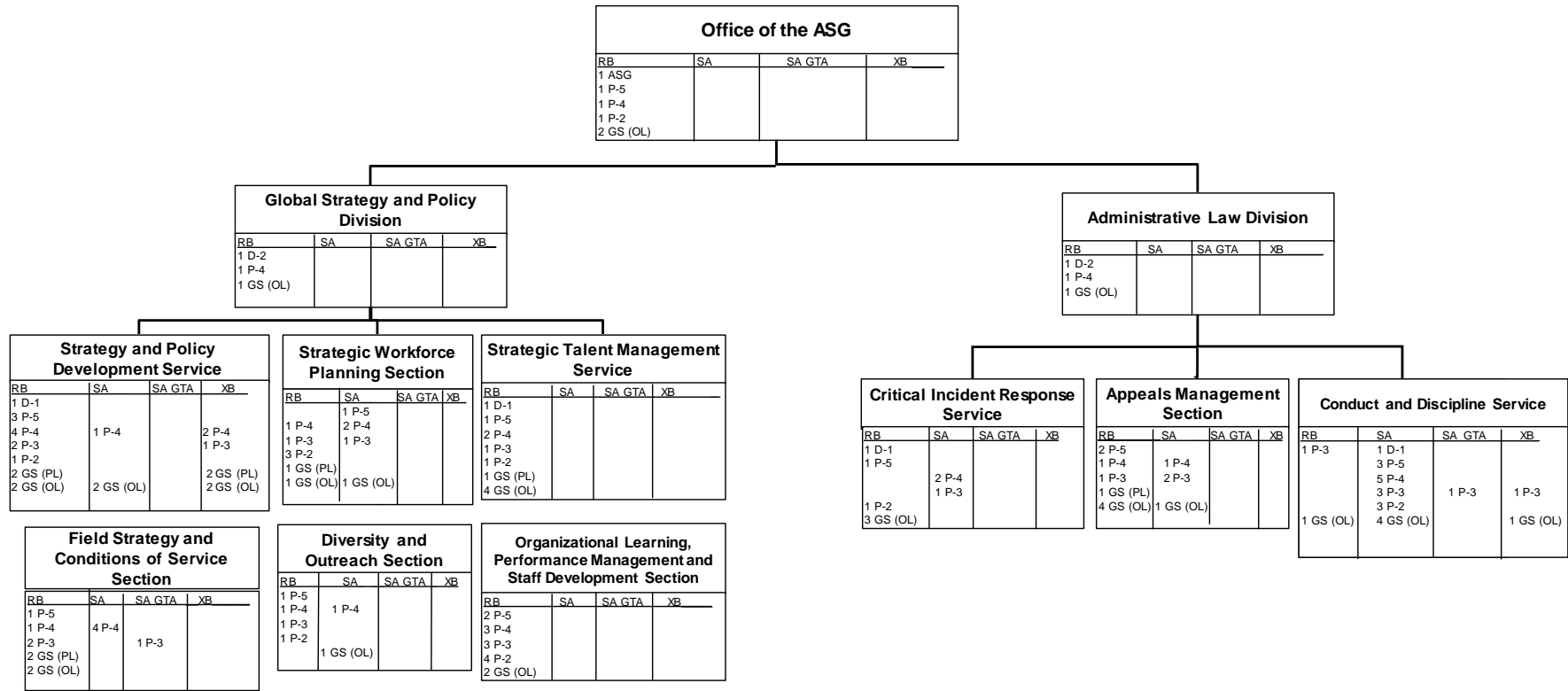
Department of Management Strategy, Policy and Compliance Business Transformation and Accountability Division



Abbreviations: GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level; RB, regular budget; SA, support account; XB, extrabudgetary.

Department of Management Strategy, Policy and Compliance

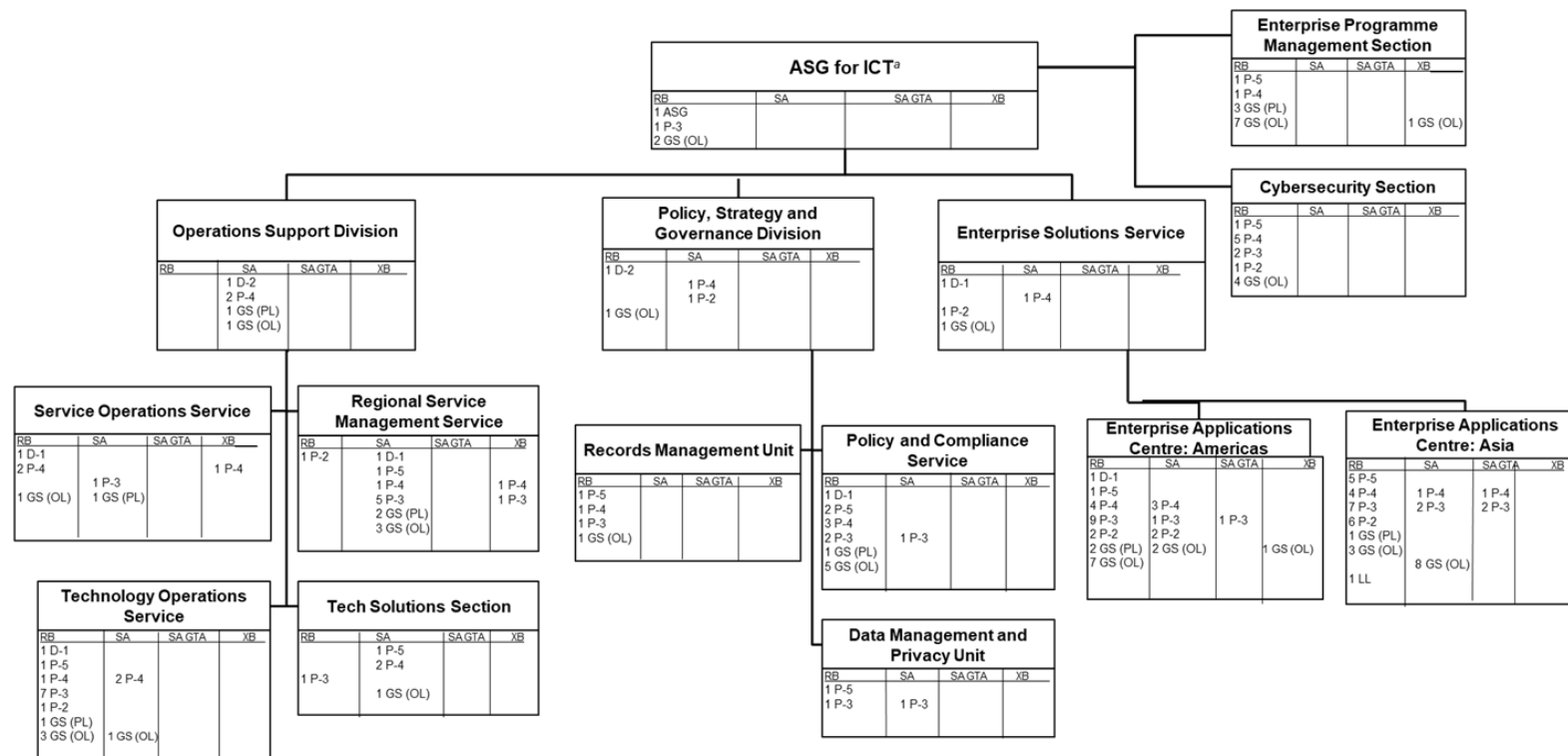
Office of Human Resources



Abbreviations: ASG, Assistant Secretary-General; GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level; RB, regular budget; SA, support account; XB, extrabudgetary.

II. Office of Information and Communications Technology

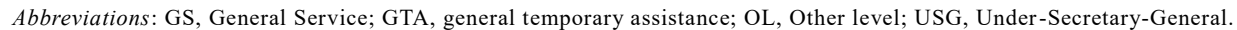
Information and Communications Technology



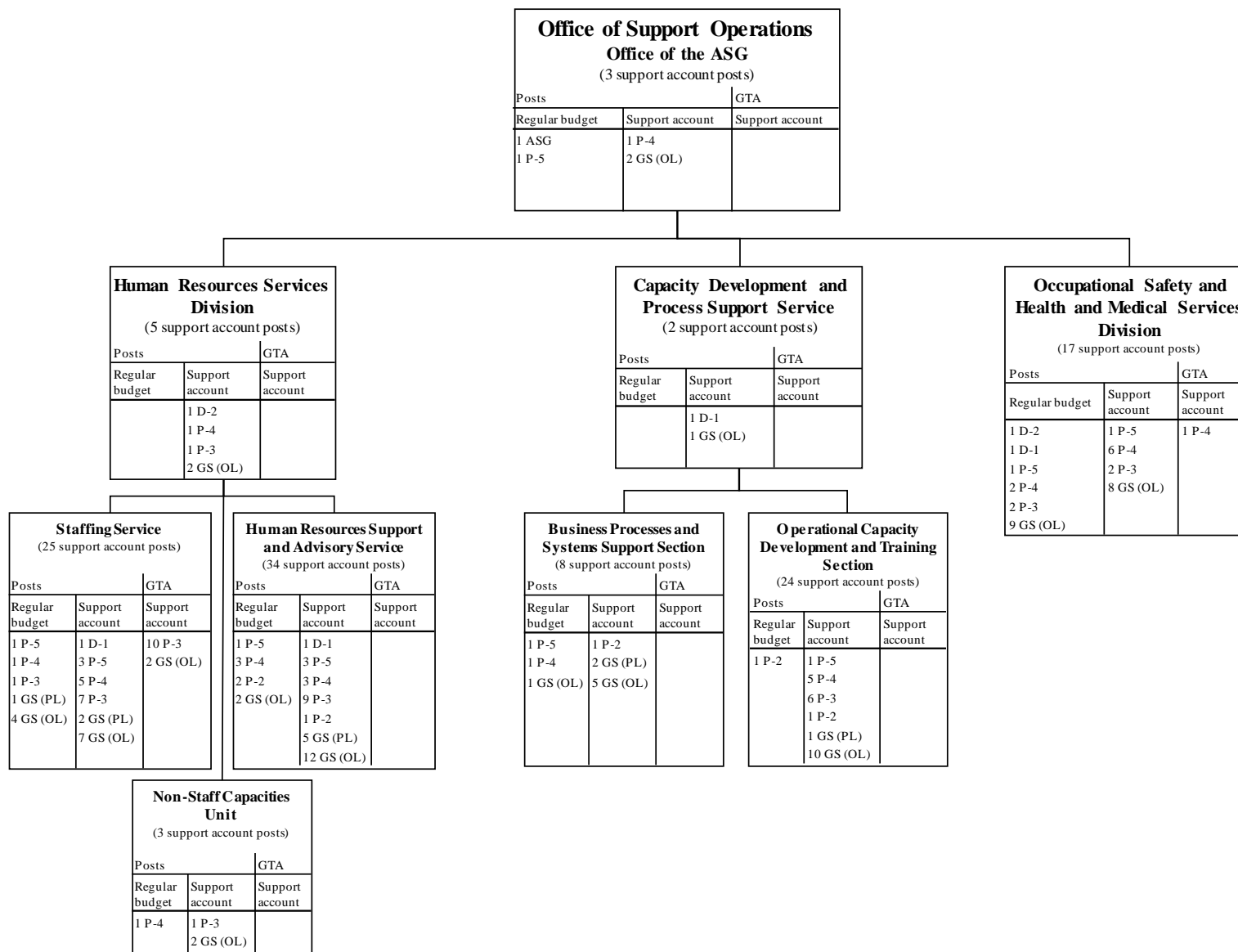
Abbreviations: ASG, Assistant Secretary-General; GS, General Service; GTA, general temporary assistance; ICT, information and communications technology; OL, Other level; PL, Principal level; RB, regular budget; SA, support account; XB, extrabudgetary.

^a Dual reporting line to the Under-Secretary-General of the Department of Management Strategy, Policy and Compliance and the Under-Secretary-General of the Department of Operational Support.

Office of the Under-Secretary-General

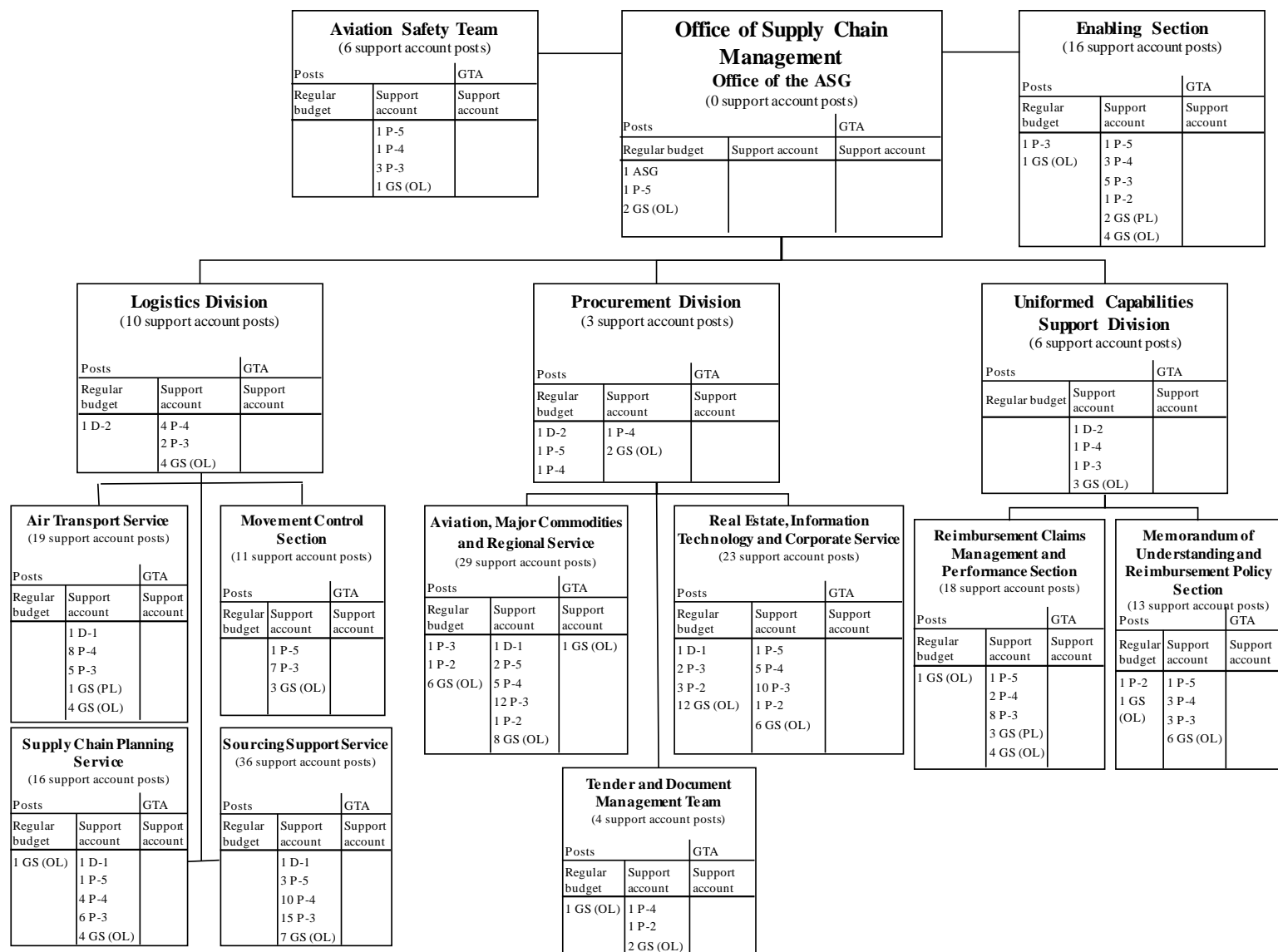


Department of Operational Support Office Support Operations



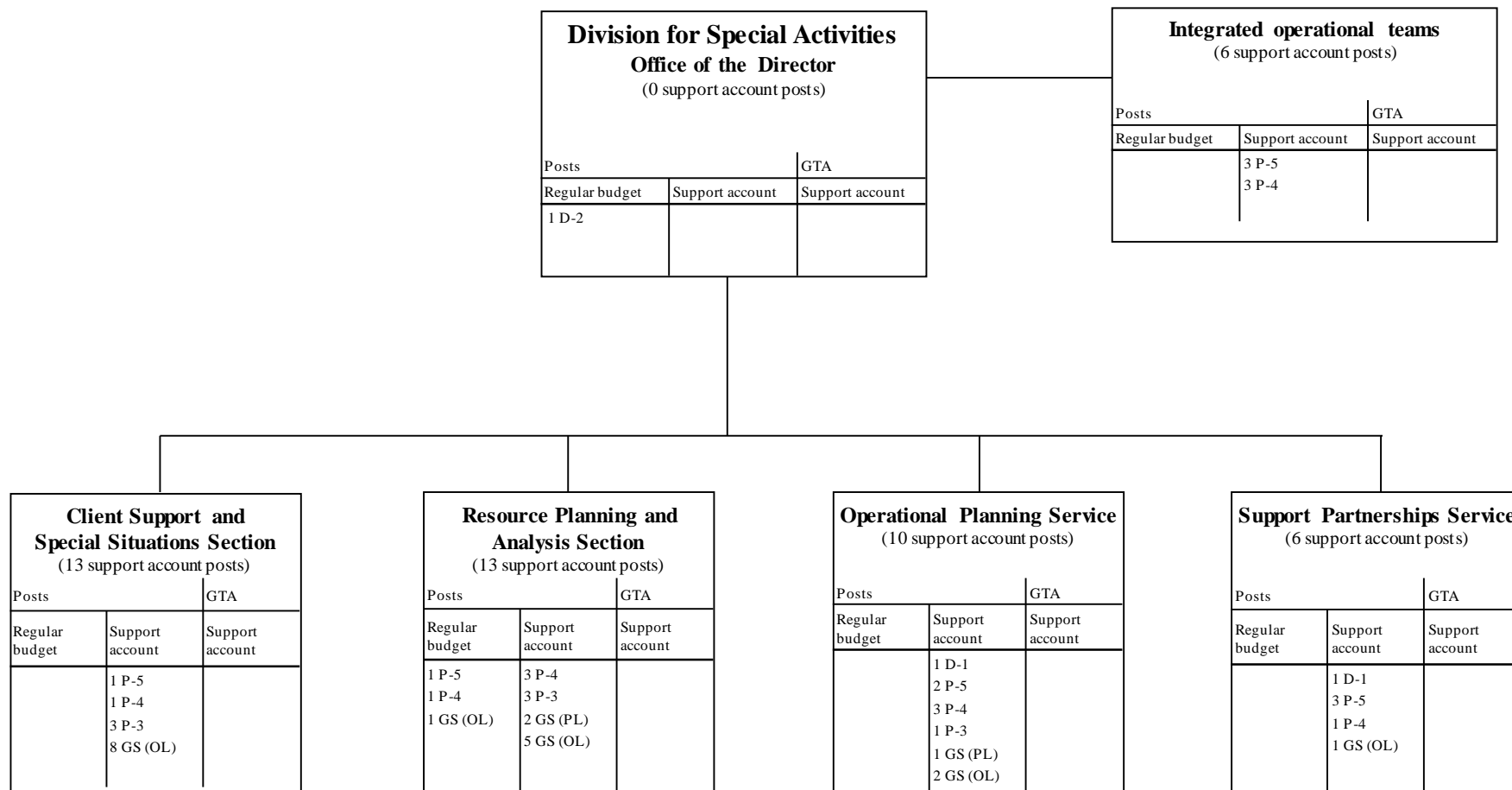
Abbreviations: ASG, Assistant Secretary-General; GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level.

Department of Operational Support Office of Supply Chain Management



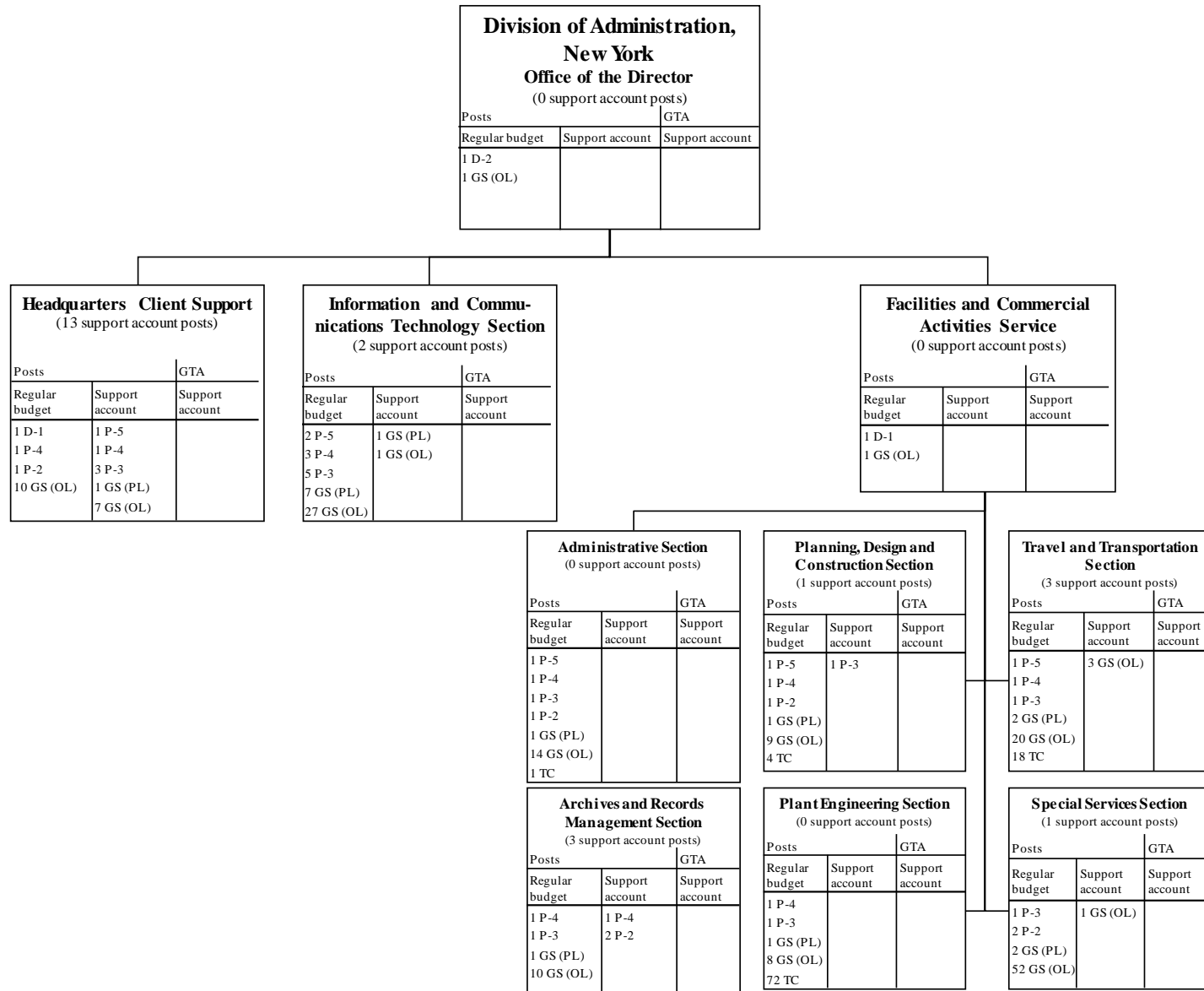
Abbreviations: ASG, Assistant Secretary-General; GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level.

Department of Operational Support Division for Special Activities



Abbreviations: GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level.

Department of Operational Support **Division of Administration, New York**



Abbreviations: GS, General Service; GTA, general temporary assistance; OL, Other level; PL, Principal level.

Annex II

Summary of the distribution of approved posts for the current departments and offices and proposed posts for the proposed new departments and offices for 2018–2019

Current structure

<i>Budget section/subsection/Office</i>	<i>Regular budget</i>	<i>Other assessed</i>	<i>Extrabudgetary</i>	<i>Subtotal</i>
29A–E. Department of Management				
29A. Office of the Under-Secretary-General for Management	42	11	4	57
29B. Office of Programme Planning, Budget and Accounts	100	105	82	287
29C. Office of Human Resources Management	132	45	19	196
29D. Office of Central Support Services	287	84	22	393
29E. Office of Information and Communications Technology	177	30	13	220
Subtotal subsections 29A–E	738	275	140	1 153
5. Peacekeeping operations	27	404		431
Subtotal subsections 29A–E and Section 5	765	679	140	1 584

Proposed structure (2019)

<i>Budget section/subsection/Office</i>	<i>Regular budget</i>	<i>Other assessed</i>	<i>Extrabudgetary</i>	<i>Subtotal</i>
29A. Department of Management Strategy, Policy and Compliance				
29A.1. Office of the Under-Secretary-General	36	5	3	44
29A.2. Office of Finance and Budget	87	86	56	229
29A.3. Office of Human Resources	88	40	9	137
29A.4. Business Transformation and Accountability Division	46	54	16	116
Subtotal, subsection 29A	257	185	84	526
29B. Department of Operational Support				
29B.1. Office of the Under-Secretary-General	2	27	1	30
29B.2. Office of Support Operations	39	121	11	171
29B.3. Office of Supply Chain Management	40	210	21	271
29B.4. Division for Special Activities	4	48	—	52
29B.5. Division of Administration, New York	294	23	38	355
Subtotal, subsection 29B	379	429	71	879
29C. Office of Information and Communications Technology	128	51	5	184
Total subsections 29A–C	764	665	160	1 589