The UNJSPF Pension Board considered the OIOS governance audit report

At its 65th session from 26 July to 3 August 2018 in Rome, the Pension Board considered the final report of the Office of Internal Oversight (OIOS) on the governance structure of the Pension Board as requested by the General Assembly in its resolution 72/262.

Since no representative of OIOS was able to attend the Board, the governance audit report was presented by OIOS via Video Conference. Several Board members expressed their disappointment that OIOS did not come in person to the Board session to present their report and to answer questions.

Many Board members criticised the manner in which the audit was carried out. They raised questions regarding the basis for selecting interviewees, and who had received the audit questionnaires. Several secretaries of SPCs noted that they had not received the questionnaire. Furthermore, the Board questioned the timing of the final report and requested clarity on the process to include auditee’s comments in the final audit report as required by internal audit standards.

The President of FAFICS made a statement, referring to the Federation’s comments on the draft audit report which were not reflected in the final report. He also stated that in the view of FAFICS the report was biased, unprofessional and not in line with international audit standards.

Representatives of the Governing Bodies asked the auditor whether he was satisfied that OIOS had done a professional job. The auditor responded that they were proud of their audit report.

The UNSPC participants representatives stated that in their view the OIOS report was well researched, properly conducted and meeting professional standards based on verified facts. They congratulated OIOS for the report. This opinion was not shared by the Board.

In the view of the Board, the flawed audit process did not follow accepted standards for the Professional Practice of Internal Auditing, as well as established standards in the UNJSPF Internal Audit Charter. The Board decided to submit the OIOS audit report to the Independent Audit Advisory Committee of the United Nations for consideration.

Although many Board members were of the view that OIOS had not a proper dialogue with the Board as the auditee, the Board decided to consider the report and to present the Board’s response to the OIOS report for inclusion in the final audit report and the Board’s report to the General Assembly.

The Board established a small working group who should prepare the Board’s response on the 13 recommendations contained in the OIOS governance audit.

The working group was composed of representatives of the three constituent groups, (Governing Bodies, Executive Heads and Participants’ Representatives) and FAFICS. FAFICS was represented by Warren Sach and Gerhard Schramek.
The working group met several times during the Board session and prepared a draft Board response for inclusion in the OIOS audit report and the Board’s report to the General Assembly.

The working group recommended an introductory statement on the process and the quality of the OIOS governance audit report and proposed responses to each of the OIOS recommendations. After considering the working group’s proposed response the Board endorsed the text with some amendments. It will be submitted to OIOS and will be part of the Board’s sessional report to the General Assembly.

**Election of retiree representatives on the Pension Board**

The OIOS recommendation that the Board should determine the number of seats to be allotted to retiree representatives and facilitate their direct election as full Board members with voting rights was discussed in the working group. The FAFICS representatives rejected this recommendation. After discussion the FAFICS position was supported by members of the three constituent groups. The Group recommended and the Board approved the rejection of this recommendation. The Board did not accept this recommendation because this would undermine the tripartite nature of the Board and because retirees are unaffiliated with member organizations.

It should be noted that the UNSPC participants’ representatives did not agree with the decision to reject this OIOS recommendation.

On the other OIOS recommendation referring to FAFICS that the Board should establish appropriate mechanisms to avoid conflict of interest between FAFICS representatives and the Fund’s management, the Board will establish appropriate mechanisms to avoid conflict of interest between the Fund’s management and all the constituent groups of the Board.

The issue of direct election of retiree representatives on the pension Board was taken up by the Board towards the end of the session.

The UNSPC participants’ representatives had prepared a document to the Board regarding the question of the representation of retirees at Board meetings.

UNSPC participants’ representatives stated that in their view UNJSPF retirees should be represented on the Pension Board by retiree representatives to be elected via a democratic process where retirees are able to elect individuals they believe would represent their interests.

FAFICS had also prepared a note on representation of retirees on the Pension Board in response to the OIOS audit report and the document of the UNSPC participants’ representatives. However, FAFICS was not given the opportunity to introduce its document.
In its note the Federation strongly objected both the OIOS recommendations pertaining to FAFICS and the content of the UNSPC participants’ representatives document on elections of retiree representatives.

In the ensuing discussion FAFICS representatives stated that FAFICS is an independent body with its own statutes, rules of procedure and is an established NGO in consultative status with ECOSOC. Consequently, it is not within the authority of the Pension Board nor the General Assembly to establish requirements for the election of retiree representatives. The election process for its representatives is the sole prerogative of FAFICS.

The position of FAFICS was supported in the Board. It was stated that FAFICS is a separate legal entity and it was not for the Board to interfere in the affairs of a independent organisation. Furthermore, the status of FAFICS as the sole representative of retirees and beneficiaries in the Board has been established in Rule A.9e of the Board’s Rules of Procedure.

The Board concluded that since it had previously rejected the OIOS recommendation for direct election of retiree representatives, the issue was moot and decided not to pursue the matter further.