

Message from Under-Secretary-General for Management, Yukio Takasu, about Pension Funds Matters

Friday, 10 April 2015, Global | DM

Dear colleagues,

Various communications, including in the media, have unfortunately been circulated recently alleging fraud and irregularities at the United Nations Joint Staff Pension Fund (“UNJSPF” or “the Fund”). I would like to provide some factual information to clarify any misunderstandings and misrepresentations.

The UNJSPF enjoys a healthy funded status in excess of 90%, and we are committed to preserving the sanctity of the Fund.

The UNJSPF takes every precaution they can to prevent fraud. Staff who have any information of alleged wrongdoing are obliged to report those concerns to the United Nations Office of Internal Oversight Services. All allegations of fraud, misconduct, or violation of applicable human resources or financial rules and regulations are, and will continue to be, taken seriously and fully considered.

OIOS has confirmed that they have reviewed the nature of the recent allegations that have been brought to their attention. OIOS has indicated that none of the allegations that have appeared in the press thus far constitute financial fraud. OIOS is collecting all information available on this situation, and will examine closely every allegation.

As required for any large pension fund, the UNJSPF has a very robust internal control framework, with several oversight bodies including, but not limited to, internal auditors (OIOS), external auditors, a Pension Board, an Audit Committee, an Asset Liability Monitoring Committee, an Enterprise-wide Risk Management Working Group, and Risk Management & Compliance staff.

The governance structure of UNJSPF also reflects a clear delineation of responsibilities. Reporting to the UNJSPF Board, the Chief Executive Officer, Mr. Arvizú, is responsible for the liability side of the Fund, primarily for administration and benefit payments. Management of the investments of the Fund is the responsibility of the Representative of the Secretary-General (“RSG”), Ms. Boykin, who reports to the Secretary-General.

In order to ensure the effective operation of the Fund, the United Nations Pension Board has long recognized the requirements of the Fund to have staff with very specific and long-term expertise,

owing to the complex pension design, financial management and global payroll, and that the Fund's human resources management should be in line with its operational and investment needs. As such, since 2000, there has been a memorandum of understanding in place which stipulates that UN administrative procedures and directives do not automatically apply to the Fund staff, since the requirements of the Board take precedence.

The United Nations Pension Board, and the General Assembly, have requested that this existing memorandum of understanding be reviewed and updated. Consideration on the elements of a revised memorandum of understanding is ongoing and will involve the appropriate consultations with staff.

Any decisions on human resources policies or the financial rules governing the operations of the UNJSPF will be taken with a view to ensuring they are best suited to meet the operational and investment needs of the Fund.

Yours sincerely,

Yukio Takasu, Under Secretary-General for Management