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Neil MacFarquhar, "U.N. Appoints New Director of Troubled Watchdog Group"  
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Inga-Britt Ahlenius and Carmen Lapointe-Young

UNITED NATIONS — Moving to fix the deeply troubled agency that investigates the United Nations, the General Assembly on Wednesday approved the appointment of a new director for the unit after years of battles over its independence.

The appointment of Carmen Lapointe-Young, a Canadian who was previously auditor general of the World Bank, follows a history of corruption that has plagued the United Nations and weakened its credibility.

After the oil-for-food scandal, in which more than 2,200 companies paid kickbacks and fees worth \$1.8 billion to Iraq under Saddam Hussein, an independent task force was formed to ferret out graft at the United Nations from 2005 to 2008. It led to several felony convictions but attracted the ire of some countries, including Singapore and Russia, and its mandate was not extended by the General Assembly.

The mantle of rooting out financial corruption was passed back to the internal watchdog agency that Ms. Lapointe-Young, 59, will lead, called the Office of Internal Oversight Services. But the agency is widely considered in disarray.

Investigations into major financial malfeasance have virtually ground to a halt over the past two years amid a bitter bureaucratic standoff between the United Nations secretary general, Ban Ki-moon, and Ms. Lapointe-Young's predecessor, Inga-Britt Ahlenius, diplomats, lawyers and others say.

The two deadlocked over the appointment of the agency's head of investigations. Ms. Ahlenius, a Swede, maintained that she had the right to appoint her own staff, while Mr. Ban said he had final say over such a senior appointment.

Ms. Ahlenius fired a broadside at Mr. Ban as her five-year tenure ended on July 16, issuing a 50-page memo that essentially accused him of neglecting the administrative side of his job for the more glamorous role of a globe-trotting diplomat, adding for good measure that he was none too successful at that, either.

"There is no transparency; there is lack of accountability," she wrote in her internal end-of-assignment report, accusing Mr. Ban of trying to undermine internal investigations because the facts often proved embarrassing. "I do not see any sign of reform in the organization."

Angela Kane, the United Nations under secretary general for management, issued the first extensive official response on Wednesday, saying senior officials would consider the constructive criticism offered in the report. But she also characterized it as containing "many inaccuracies, misrepresentations and distortions."

The war of words is emblematic of a larger problem, according to diplomats, lawyers and others familiar with the issue.

Investigations into serious financial fraud have virtually ceased in the far-flung United Nations system, diplomats and lawyers say. Some complain that Mr. Ban and Ms. Ahlenius fought “like children,” with investigator jobs going unfilled, tips about potential fraud ignored and no real deterrent for any United Nations official who put a hand in the till.

Although senior officials say Mr. Ban is committed to fighting corruption, diplomats and others have expressed concern that he avoids antagonizing influential member states that complain vociferously when their citizens are singled out.

“They are not making use of the resources they might have had to pursue corruption and fraud,” said Bea Edwards, director of international reform for the Government Accountability Project, which defends whistle-blowers in the United Nations and elsewhere.

Diplomats and lawyers contend that no important cases of financial fraud have been identified since the independent task force ceased to function, and that most allegations are simply bounced back to the agency where they originated.

The task force had identified all manner of embezzlers in the system, including an American accused of siphoning off at least \$480,000 by having caviar and snails flown into Kabul, Afghanistan, rebuilding his house and taking trips to Las Vegas.

A senior aide to Mr. Ban said the internal watchdog agency had been working diligently since then. But diplomats contend that most of the 175 or so leftover possible cases from the independent task force have since been dropped or closed.

Farhan Haq, a spokesman for the United Nations, said that 66 cases involving procurement and fraud were investigated from June 2009 to July 2010.

The United States Mission to the United Nations issued a statement saying that it was troubled by the problems at the watchdog agency and that it hoped the new director would bring change.