



SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. ABRASZEWSKI (Poland)

Chairman of the Advisory Committee on Administrative and  
Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 103: PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983

Administrative and financial implications of resolution ES-7/7 concerning agenda item 31 (International Conference on the Question of Palestine)

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS

- (a) APPOINTMENT OF FIVE MEMBERS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS

AGENDA ITEM 102: FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS

- (a) UNITED NATIONS
- (b) UNITED NATIONS DEVELOPMENT PROGRAMME
- (c) UNITED NATIONS CHILDREN'S FUND
- (d) UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST
- (e) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH
- (f) VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES

---

\* This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room A-3550, 866 United Nations Plaza (Alcoa Building), and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

Distr. GENERAL  
A/C.5/37/SR.3  
October 1982  
ENGLISH  
ORIGINAL: SPANISH

CONTENTS (continued)

(g) FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME

(h) UNITED NATIONS FUND FOR POPULATION ACTIVITIES

(i) UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

Report of the Advisory Committee

/...

The meeting was called to order at 10.30 a.m.

AGENDA ITEM 103: PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983

Administrative and financial implications of resolution ES-7/7 concerning agenda item 31 (International Conference on the Question of Palestine) (A/37/7/Add.2; A/C.5/37/4)

1. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee's report in document A/37/7/Add.2 was concise and required no additional explanations. As delegations would recall, it had originally been planned to hold the International Conference on the Question of Palestine in 1984, but the General Assembly had decided at its seventh emergency special session that the Conference should be held in 1983. In his statement on the question (document A/C.5/37/4), the Secretary-General estimated the non-conference-servicing requirements at \$1,903,000. To that should be added the amounts considered at the thirty-sixth session of the Assembly, as explained in foot-note a/ to paragraph 2 of the Advisory Committee's report.
2. Most of the non-conference-servicing costs were for salaries and related costs for temporary assistance staff, as described in paragraph 4 of document A/37/7/Add.2. The Advisory Committee had been informed that the estimates for temporary assistance were based on the assumption that the relevant temporary posts would be in place for 12 months in 1983.
3. The Advisory Committee had noted that the Conference was to conclude at the end of August 1983, but wished to point out that the General Assembly had requested the Secretary-General to provide adequate resources for the preparations for and follow-up activities to the Conference (A/37/7/Add.2, para. 1). Consequently, the Advisory Committee had not recommended the reductions which, in the opinion of its members, should have been made by financing the posts only until August 1983. Nevertheless, ACABQ had recommended that the Secretary-General of the Conference should subsequently review temporary assistance requirements to ensure that only those posts required for follow-up activities were retained after 1983.
4. In addition, in paragraph 5 of document A/37/7/Add.2, the Advisory Committee was recommending a technical reduction of \$59,100; experience had shown that, if staff still had to be recruited for several temporary posts, it would not be possible for them all to be "on board" by 1 October 1982. The Advisory Committee recommended a reduction of \$59,100 in the estimate for temporary assistance, so that the relevant appropriation would be \$800,000 instead of \$859,100.
5. The Advisory Committee had accepted the Secretary-General's estimates under sections 27 (Public Information) and 28D (Office of General Services) of the budget. The Advisory Committee's recommendations were summarized in paragraph 11 of its report, where it recommended an appropriation of \$1,831,000 under sections 1, 27 and 28D of the budget.

/...

(Mr. Mselle)

6. In conclusion, he stated that conference-servicing requirements were estimated at no more than \$3,829,600 and, as usual, they would be reviewed in the context of the consolidated statement of conference-servicing requirements that would be submitted towards the end of the current session of the General Assembly.

7. Mr. LADOR (Israel) said that his delegation had voted against resolution ES-7/7 for reasons explained at that time. It would, therefore, also vote against the administrative and financial implications of that resolution and appealed to delegations which had opposed the resolution to do likewise. He requested that a recorded vote should be taken.

8. Mr. ALSHAMMA (Iraq) said that his delegation considered the estimates submitted for approval by the Fifth Committee to be the minimum required to hold the International Conference on the Question of Palestine. The convening of the Conference was an urgent necessity and he appealed to the members of the Committee to support the financial implications of resolution ES-7/7.

9. The CHAIRMAN invited the Committee to take a decision on the Advisory Committee's recommendation (A/37/7/Add.2, para. 11) that an amount of \$1,831,000 should be appropriated for the activities envisaged in General Assembly resolution ES-7/7 under the following sections of the budget for the biennium 1982-1983: section 1: \$1,245,300; section 27: \$415,700; section 28D: \$170,000; section 31: \$217,000, the latter to be offset by an increase in the same amount under income section 1. Since the electronic voting equipment was not functioning properly, the vote would be taken by roll-call.

10. Mr. BARLETT (Jamaica), speaking in explanation of vote, said that recent events in the Palestinian refugee camps of Beirut had disturbed and caused indignation in the international community, and emphasized the necessity of holding the International Conference on the Question of Palestine. His delegation hoped that the Conference would adopt practical recommendations relating to the problems which had remained unsolved for so long, and would therefore vote in favour of the appropriation recommended.

11. A vote was taken by roll-call on the Advisory Committee's recommendation concerning the administrative and financial implications of General Assembly resolution ES-7/7.

12. Colombia, having been drawn by lot by the Chairman, was called upon to vote first.

In favour: Afghanistan, Algeria, Angola, Argentina, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Brazil, Burma, Burundi, Byelorussian Soviet Socialist Republic, Chile, China, Cuba, Czechoslovakia, Ecuador, Egypt, Ethiopia, Fiji, Finland, German Democratic Republic, Ghana, Greece, Guyana, India, Indonesia, Iraq, Jamaica, Jordan, Lesotho, Madagascar, Mauritania, Mexico, Nepal, Oman, Pakistan, Panama,

/...

Philippines, Poland, Qatar, Romania, Senegal, Sierra Leone, Spain, Sudan, Sweden, Thailand, Togo, Tunisia, Turkey, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Arab Emirates, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Uruguay, Venezuela, Yugoslavia, Zaire, Zimbabwe.

Against: United States of America, Israel.

Abstaining: Australia, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Ireland, Italy, Japan, Netherlands, Norway, United Kingdom of Great Britain and Northern Ireland.

13. The Advisory Committee's recommendation was adopted by 63 votes to 2, with 12 abstentions.

14. Mr. PEDERSEN (Canada), speaking in explanation of vote, reaffirmed his delegation's concern over the seriousness of the situation in the Middle East and its desire that a peaceful and equitable solution to the question of Palestine would be found. However, the limited resources that were available should be put to the best possible use and the Conference should be able to attain its objectives at less cost. For example, the Conference could be held at Geneva rather than in Paris; in addition, the holding of regional preparatory meetings, which would be very costly, was not envisaged either in resolution ES-7/7 or in General Assembly resolution 36/120 C, in which reference was made only to "preparations" and "follow-up activities". In other cases involving such excessive expenditure, his delegation would have voted against the appropriation, but, given the seriousness of the situation in the Middle East, it had decided to abstain in the vote on the specific recommendation before the Committee.

15. Mr. MAZEMBE (Zambia), Mr. de SILVA (Sri Lanka), Mr. SANGARE (Mali), Mr. OUSSEINI (Niger), Mr. KABA (Guinea), Mr. HOMAEI-NEGAD (Iran), Mr. HUSSEN (Kenya), Ms. LOPEZ (Colombia), Mr. SIBOMANA (Rwanda), Mrs. CASTRO de BARISH (Costa Rica), Mr. JOHNSON (Benin), Mr. GUBCSI (Hungary), Mr. PRODROMOU (Cyprus) and Mrs. IDER (Mongolia) said that, had their delegations been present during the voting, they would have voted in favour of the Advisory Committee's recommendation.

16. Mr. LAHLOU (Morocco) said that, had his delegation been present during the voting, it would have voted in favour of the recommendation. He recalled that at the preceding session, the Committee's practice had been to conduct votes after 12 noon so that delegations not present at the start of the meeting, of which there were usually a few, could participate in the voting.

17. The CHAIRMAN, replying to the representative of Morocco, said that the Bureau intended to observe the rules of courtesy and indicated that the voting had taken place at 11.15 a.m.

/...

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS

- (a) APPOINTMENT OF FIVE MEMBERS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (A/37/181/Add.1; A/C.5/37/8)

18. The CHAIRMAN said that in document A/37/181/Add.1 the Secretary-General informed the General Assembly of the resignation of Mr. Lucio García del Solar (Argentina) from membership in the Advisory Committee on Administrative and Budgetary Questions, and that in document A/C.5/37/8 he further informed it that the Government of Argentina had proposed the candidature of Mr. Enrique Ferrer Vieyra to fill the vacancy for the unexpired portion of the term of office, i.e. until 31 December 1984. Since there was only one nomination, he suggested that the Committee might dispense with a secret ballot.

19. It was so decided.

20. The CHAIRMAN said that, if there was no objection, he would take it that the Committee wished to recommend, by acclamation, the appointment of Mr. Enrique Ferrer Vieyra to fill the vacancy in the Advisory Committee on Administrative and Budgetary Questions for a term of office beginning on the date the General Assembly approved the appointment and ending on 31 December 1984.

21. It was so decided.

AGENDA ITEM 102: FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS

- (a) UNITED NATIONS (A/37/5, vols. I, II and III)
- (b) UNITED NATIONS DEVELOPMENT PROGRAMME (A/37/5/Add.1)
- (c) UNITED NATIONS CHILDREN'S FUND (A/37/5/Add.2)
- (d) UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST (A/37/5/Add.3)
- (e) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH (A/37/5/Add.4)
- (f) VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (A/37/5/Add.5)
- (g) FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME (A/37/5/Add.6)
- (h) UNITED NATIONS FUND FOR POPULATION ACTIVITIES (A/37/5/Add.7 and Corr.1)
- (i) UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION (A/37/5/Add.8)

Report of the Advisory Committee on Administrative and Budgetary Questions (A/37/443 and Corr.1)

/...

22. Mr. VREBOS (Chairman of the Board of Auditors) said that the Board of Auditors had examined the accounts of the United Nations, the International Trade Centre and the United Nations University (A/37/5, vols. I, II, and III, respectively), the United Nations Development Programme, the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Training and Research, voluntary funds administered by the United Nations High Commissioner for Refugees, the Fund of the United Nations Environment Programme, the United Nations Fund for Population Activities, the United Nations Habitat and Human Settlements Foundation and the United Nations Joint Staff Pension Fund. The report of the latter would form part of the annual report of the United Nations Joint Staff Pension Board. Comments on the accounts had been transmitted to the various administrations in some 100 management letters setting out the results of the audit examinations and containing pertinent recommendations.

23. There were still shortcomings in the financial management of UNIDO; at the end of 1981 there had still been substantial sums invested in cash - and time-deposit accounts, despite the fact that the staggering of its financial requirements would have enabled longer-term investments at much higher yields. The financial statements of the United Nations, UNDP and UNITAR also showed that there were still delays in the payment of contributions and in the use of certain national currencies. Measures had been taken to solve those problems; both compliance and results would be closely monitored.

24. Generally speaking, the various agencies had endeavoured to comply with the Board's recommendations on procurement. For example, the introduction of a direct provisioning system had produced positive results, although it unfortunately had been hampered at Headquarters by the delay in implementing the Automated Purchase and Payment System. Moreover, he doubted that it would be possible for that system, which was to have been fully operational more than two years previously, to begin operating by the end of 1982, that probably meant that any chance of making substantial savings had been lost. The Administration had promised to step up its efforts to ensure that at least two phases of the system would be in operation before the end of the current year.

25. The Board had also found that UNDP, UNICEF and the Office of the High Commissioner for Refugees had entered into contracts without first calling for bids and without justifying such a departure from the normal procedure. In some cases, such as at the United Nations Office at Geneva, major purchase orders had been split in order to evade the tender procedure. There had even been one case of a purchase being made without adequate determination of the needs for which it was required and, as a result, the equipment had been found to be unsuitable after purchase and had had to be replaced at a considerable loss. In some countries there had been serious problems with customs clearance of supplies despatched on behalf of UNICEF, however, he was pleased to report that the Administration had responded positively to the various suggestions made by the Board in that regard.

26. The Board had noted long delays in project execution and inadequate evaluation and monitoring, for instance with respect to the expansion of the United Nations

/...

(Mr. Vrebos)

Headquarters building, as well as at UNICEF and the United Nations Centre for Human Settlements. There was likewise a need to strengthen the evaluation and monitoring system of some UNICEF regional programmes. There was a need to break down the master plan of operations into easily identifiable projects with precise input and output objectives. The Administration had promised to look into those matters.

27. Lastly, he disclosed that the policies and procedures established for the engagement of experts and consultants in line with the directives given by the General Assembly were not being fully complied with, leading to very poor returns from some experts. Possibly, the new job descriptions which were currently under study at the United Nations, would offer a solution to those problems.

28. Mr. FORAN (Controller), commenting on the United Nations financial report and audited financial statements and on the report of the Board of Auditors contained in volume I of document A/35/7, first drew attention to the fact that, pursuant to General Assembly resolution 36/117 and resolution 1981/83 of the Economic and Social Council on the control and limitation of documentation, the report had been reduced in size by approximately 50 per cent. To that end a number of schedules had been excluded from the report, including those pertaining to assessed and pledged contributions unpaid, interest-bearing bank deposits, trust funds, and technical co-operation activities financed by UNDP and executed by agencies and regional commissions, although all that information had been made available to the Advisory Committee and to the Board of Auditors in separate documents.

29. The accounts of the United Nations covered a number of separate funds, each of which could only be used for the specific purpose for which it had been established. An over-all view was given in the table following paragraph 7 of the report (A/37/5, vol. I), which contained statements of the income and expenditure and assets and liabilities of the funds.

30. In the case of the General Fund, the Committee would note that the net excess of income over expenditure amounted to \$21.1 million which, when combined with the \$8.6 million realized as savings on the liquidation of prior years' obligations and the \$3.9 million held in suspense pursuant to General Assembly resolution 2947 B (XXVII), resulted in a balance of \$3.6 million at the end of the biennium 1980-1981. After setting aside \$9.9 million in accordance with General Assembly resolution 36/116 B, and after excluding the \$3.9 million held in suspense, an amount of \$19.9 million was available for credit to Member States. As indicated in paragraph 11, in accordance with General Assembly resolution 36/240 C, \$8.5 million of that amount had been allocated towards financing appropriations for 1982 and the remaining \$11.4 million would be distributed to Member States as credits against 1983 contributions.

31. As shown in statement III, unpaid assessments as at 31 December 1981 amounted to \$145.6 million. That represented an increase of \$51.9 million, or 55 per cent, over the comparable figure at the end of the biennium 1978-79. Delays in the payment of assessed contributions were becoming an increasing burden on the financial operations of the United Nations. He would have more to say on that subject when the Committee discussed the financial emergency of the United Nations.

/...



(Mr. Foran)

32. Paragraphs 52 to 55 of the financial report indicated the steps taken in respect of the comments and recommendations made by the Board of Auditors in its special report on financial management and control, specifically those related to (a) the ability of the Assistant Secretary-General for Financial Services to provide functional leadership, guidance and central direction of all financial functions and (b) the deficiencies in the financial and administrative control of trust funds. Various steps had been taken in that regard. A meeting of heads of Administration at United Nations offices away from Headquarters with executive officers at Headquarters had taken place in September 1980 to discuss a number of issues relating to the importance of central direction in the decentralized setting of the United Nations. A second meeting had taken place the previous week and it was planned to have further meetings every two years. A United Nations Financial Manual had been issued in December 1981 with nine chapters covering most of the major financial functions, and it was anticipated that the remaining four chapters would be issued shortly. Revised trust fund policies and procedures had been issued in March 1982. Likewise, revised allotment procedures had been issued which clearly defined the limits within which expenditure might be incurred. Lastly, an on-line computer system had been installed in the Treasury to improve the cash management system. The steps he had mentioned had brought about a significant improvement in the financial management of the Organization. Nevertheless, the achievement of a fully modern financial system required an ongoing effort to which he would continue to give high priority.

33. The observations made in the current report of the Board of Auditors pertained primarily to procurement practices, capital assets, trust funds, technical co-operation activities, cash management, budgetary control, computer operations, experts and consultants, payroll and personnel systems, travel and internal audit. Those areas had all been the subject of management letters from the Auditors, to which the Administration had responded or was in the process of responding. In the light of the observations made in the report of the Advisory Committee (A/37/443 and Corr.1), he would not comment further at present, although he was at the disposal of the Committee to answer any questions or requests for clarification which members might have.

34. Mr. AMNEUS (Sweden), referring to document A/37/5/Add.5 concerning the voluntary funds administered by the United Nations High Commissioner for Refugees (UNHCR) and to the related part of the Advisory Committee's report (A/37/443) said that he agreed with the assessment made by the Board of Auditors in paragraph 4 concerning the expeditious manner in which the Administration had dealt with the matters brought to its attention and the continued efforts being made to improve the financial management and control system of UNHCR. The critical observations made by the Board of Auditors concerning budgetary information and control coincided with those made during the past five years by several members of the Executive Committee of UNHCR. As a result, a sub-committee on administrative and financial matters had been set up under the Executive Committee. It had held its first meeting in October 1981 and would meet again in October 1982. The Executive Committee had taken several other steps, such as instituting a new system to improve the flow of information. Those developments demonstrated that UNHCR had been and continued to be responsive to the comments made by the Board of Auditors.

/...

(Mr. Amneus, Sweden)

35. His delegation endorsed the recommendations made by the Board of Auditors with respect to the United Nations Fund for Population Activities.

36. Mr. KUYAMA (Japan) said that in the area of cash management the reports indicated that the organizations were facing a number of problems. For example, UNDP was experiencing difficulties with its field offices, and the role of UNDP headquarters should, accordingly, be further strengthened. With regard to the United Nations, a number of matters had come to light as a result of audit examinations, including the fact that no satisfactory follow-up action had been taken with regard to discrepancies in the investment reports received from banks. At UNIDO and ECWA, substantial idle cash balances were maintained because cash requirements had not been accurately determined.

37. Many organizations and programmes suffered from inadequate budgetary control, including the United Nations, UNICEF, UNITAR, UNHCR, UNEP and UNFPA.

38. Procurement, and in particular procurement related to operational activities, presented a number of problems. The United Nations had forfeited significant financial savings because of delays in the implementation of the new Automated Purchase and Payment System. It had been revealed that at the United Nations Office at Geneva equipment had been purchased on behalf of the Office of the United Nations Disaster Relief Co-ordinator without proper consideration of the latter's needs. On a number of occasions, UNDP, ECWA and ECA, among others, had failed to submit proposals to the Contracts Committee for approval. In the case of UNFPA, a number of purchases had been made without first securing the approval of the authorized official. Inadequate control of procured equipment was another area of concern at the United Nations, UNFPA, UNEP and the United Nations Habitat and Human Settlements Foundation. At UNHCR, lack of control over the implementation of projects and over the procurement of supplies and services had been noted. It had also been noted that in some calls to bid, UNICEF and UNCTAD had violated the principle of equality between bidders.

39. Investigation by the Board of Auditors had revealed that in some cases the United Nations and UNEP had concluded ambiguous contracts related to construction, which, in the case of the United Nations, had resulted in additional expenditures. The Office of Legal Affairs might play a more positive role in that area. There were deficiencies in the use of experts and consultants and, in some cases, inadequate control was exercised over expenditures related to outside expertise. Problems relating to travel persisted at the United Nations and elsewhere. A typical example was that travel authorizations were often approved long after the journeys had been completed. There had also been cases of fraud or presumptive fraud. At the United Nations, there had been reports of approximately 12 such cases, involving a total of about \$250,000. At UNDP, nine cases, involving \$36,000, had been reported. Apparently, in most instances, the staff members involved had been dismissed.

40. Some of the problems identified in the report of the Board of Auditors were new, while others were familiar. Although in many instances appropriate measures

/...

(Mr. Kuyama, Japan)

had been taken by the administrations of the respective organizations and programmes to correct the problems and prevent them from recurring, one was left with the impression that the problems identified might be the tip of the iceberg. In any case, there was much room for improvement in the financial management and control of United Nations organizations and programmes, and especially when many Member States were facing serious difficulties, it was a matter of urgency to recognize and solve the problems which persisted. Visible improvement in that field was required to win the financial support of Member States for the Organization and to prevent its financial health from becoming even more fragile. It would be unfortunate if the financial viability of the United Nations was not ensured at a time when a stronger United Nations was desired.

41. Mr. de SILVA (Sri Lanka) said that volume I of document A/37/5 had not been provided to delegations early enough to allow them to study it in detail and to give due consideration to the report of the Board of Auditors. Nevertheless, a rapid reading revealed that there were many unsatisfactory situations which were cause for concern and which the Committee should draw to the attention of the Secretariat. Among other deficiencies, one could mention idle cash balances, a problem which was particularly noteworthy in view of the Organization's financial difficulties, unpaid order accounts dating back several years, and expenditures made without the authorization of funds. The recommendations of the Board should be kept in mind. It was unfortunate that a number of the comments made in previous years had not yet been followed up. The importance of doing so was obvious in the light of the diminishing resources of the Organization.

The meeting rose at 12.15 p.m.