



SUMMARY RECORD OF THE 6th MEETING

Chairman: Mr. ABRASZEWSKI (Poland)

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

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

AGENDA ITEM 102: FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/C.5/37/L.3 and L.4)

- (a) UNITED NATIONS (A/37/5, vols. I, II and III)
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Report of the Advisory Committee (A/37/443 and Corr.1)

1. Mr. HICKEY (Australia) said that it would be extremely helpful if documents could be made available much earlier and urged all concerned to make every effort to expedite the work of the Committee.

2. The Board of Auditors had drawn attention to various shortcomings and practices which had to be corrected, many of which were long-standing, but it was the responsibility of the Fifth Committee to see to it that remedial action was taken. For example, with regard to contracts, he was surprised that a standard form for architects' fees and related costs had not yet been devised, which would help to save resources at a time of recession. Cases such as the presumptive fraud involving staff members and the failure of UNIDO to increase its interest income owing to its poor cash management could bring about the "crisis of confidence" to which the representative of Ghana had referred.

3. His delegation shared the concern expressed over the failure to comply with procedures established for the engagement of experts and consultants; it was particularly disturbed to learn that so many of them were recent members of the staff. Some explanation should be given for the delay in implementing the Automated Purchase and Payment System. It was to be hoped that the necessary improvements would be made so that United Nations budgetary procedures would meet the highest standards of accounting and auditing. He reserved the right to speak again if he felt some of the questions which had been asked had not been answered satisfactorily.

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4. Mr. PAL (India), referring to the situation of UNDP, said that his delegation's position with regard to the accumulation of non-convertible currencies was that every country had the right to make contributions in the currency of its choice, that the problem seemed to be affecting UNDP only and that, when radical solutions had been proposed, they had been rejected, which seemed to indicate that the matter had become more political than financial and could be resolved only with the co-operation of all Member States.

5. He expressed concern over the engagement of two new auditors for the UNDP Internal Audit Service (A/37/443, paras. 26 and 27), since the Governing Council had decided to approve only those increases that were absolutely essential and yet the headquarters staff of UNDP continued to expand.

6. With regard to UNHCR, he asked whether any action had been taken with respect to the matter referred to in the preceding report (A/36/5/Add.5, sect. I, paras. 5 to 7) concerning the use of voluntary contributions to meet administrative costs, which were supposed to be met from the regular budget. As to UNICEF, he supported the inclusion in contracts of a penalty clause for late delivery; that should become general practice throughout the entire United Nations system. However, with regard to procurement practices, which were commented on in paragraphs 31 and 32 of the Advisory Committee's report (A/37/443), the administration was faced with another problem that was more political than administrative, and in connection with which the interests of UNICEF's beneficiaries seemed to be relegated to secondary importance.

7. Mr. PEDERSEN (Canada) said he was concerned over procurement practices and the delay in implementing the Automated Purchase and Payment System. He noted with regret the losses resulting from the purchase of equipment for UNDRO that had subsequently been found to be unsuitable and urged that steps be taken to avoid such errors.

8. His delegation endorsed the recommendations of the Board of Auditors that the Financial Regulations and Rules of the United Nations should be strictly adhered to and that irregularities such as those which had occurred in ECWA and ECA, where a number of purchases had not been submitted to the Committee on Contracts for review and approval, should be avoided. With regard to capital assets, he was pleased that the administration had concluded its review of the methods by which architects' fees and related costs would be established, since the ambiguity and imprecision of contract agreements had made it possible for architects to put in substantial additional claims for professional services.

9. He supported the recommendations of the Board of Auditors for correcting the shortcomings in the control of the Trust Fund for United Nations Special Emergency Operation and the Department of Technical Co-operation for Development, and referred to various other problems singled out by the Board, including those related to cash management, particularly in UNIDO, the engagement of experts and consultants, the inclusion of sufficient technical specifications and guarantee clauses in the invitations to bid and, in that respect, the principle of equality between bidders, particularly with respect to UNICEF. He hoped that it would be possible to maintain during the current biennium the internal audit coverage of the

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(Mr. Pedersen, Canada)

accounts of UNDP and UNFPA, and underscored the Board's comments concerning the need for more realistic budget forecasting and further strengthening of the budget monitoring procedures. His delegation took note of the comments regarding weaknesses in procedures relating to expendable and non-expendable property with respect to the United Nations University, the Fund of the United Nations Environment Programme, and the United Nations Habitat and Human Settlements Foundation and shared the hope of the Advisory Committee that steps would be taken for a strict application of the control procedures in place and for improved inventory systems where necessary.

10. Mr. FORAN (Controller) said that, as indicated in the report of the Board of Auditors, the Administration had already taken corrective action in a number of cases. It intended to implement fully the recommendations of the Board, which had been commented on by various delegations within the Committee, and which covered such areas as cash management, budgetary control, experts and consultants, travel, procurement practices and inventory control.

11. In accordance with section XIX of resolution 36/235, a report by the Secretary-General on the use of experts and consultants would be distributed later in the session. Consequently, it seemed advisable to deal with that question when the document was available.

12. With respect to cash management in the United Nations Industrial Development Organization, he drew the Committee's attention to document A/37/443/Corr.1 which indicated that the UNIDO cash balance was retained in "call accounts and short-term deposits" and not necessarily in checking accounts, as was stated in the uncorrected text (A/37/443, para. 14). Of that balance, which on 31 December 1981 had stood at \$18 million, \$17.4 million belonged to the United Nations Industrial Development Fund and other extrabudgetary accounts, and only \$600,000 (or approximately one week's expenditure) came under the regular budget. In accordance with the normal practice of the United Nations, those extrabudgetary funds were invested in call accounts and time deposits of various maturities, depending on the estimated expenditure patterns of the respective trust funds. Approximately \$9.7 million was invested in deposits of up to 2 months maturity, while \$8.3 million was invested in time deposits of 3 to 10 months. Interest rates on those deposits ranged from 12 per cent to 18 per cent per annum. As of 30 June 1982, of a total of \$23.4 million in investments, \$750,000 was for the regular budget and the balance, \$22.7 million, represented extrabudgetary funds. Maturities were similar to those for the deposits at 31 December 1981.

13. The Administration shared the concern of the Board of Auditors about the need for sound cash management procedures, particularly in offices away from Headquarters, and steps were being taken in that regard.

14. With respect to travel, the weaknesses commented on by the Board of Auditors would be brought to the attention of the offices concerned by means of reinforcement of the guidelines on the certification of travel issued in June 1980. In that connexion, the Accounts Division at Headquarters was installing a

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(Mr. Foran)

computerized system for the payment and automatic recovery of travel advances which should be a considerable improvement over the present procedure. The travel suspense accounts referred to by the Board of Auditors (A/37/5, vol. I, sect. II, para. 74) amounted to \$19,400 and represented refund claims for unused air tickets originally issued by UNDP field offices at the request of the Secretariat. Since claims for ticket refunds for the most part related to unused portions of the air ticket, they were carried in the accounts at estimated values and, since a substantial proportion might have no refund value, an examination of the suspense account would be made to determine which amounts should be written off. In addition, an intensified effort would be made to collect the remaining amounts due.

15. There had been significant improvement in the procurement activities at Headquarters. However, the effects of the delay in the introduction of the Automated Purchasing and Payment System were still being felt, even though there had been progress in that respect, and the new system was now operating in the Department of Technical Co-operation for Development at Headquarters. A special effort was also being made to complete the institution of the system in the Office of General Services. A full-time systems analyst had been assigned to the project, and it was expected to be substantially implemented by the end of 1982. Similarly, the new system for direct provisioning of peace-keeping operations had considerably reduced time-lags in the delivery of goods and services. The Administration intended to refine those procedures, as suggested by the Board of Auditors. It would also take steps to ensure the implementation of the inventory control procedures, particularly at offices away from Headquarters and in field projects.

16. Finally, with respect to cases of fraud discovered during the past biennium, 5 of the 12 cases had been at Headquarters and 7 at other offices. The amounts involved had ranged from \$300 to \$200,000. Two cases were still pending, and in one case the perpetrator was unknown. To date, recoveries in some cases ranged up to 100 per cent and in total averaged 50 per cent. Further efforts were being made to recover the balance of the funds.

17. Mr. STAFFORD (Director, Division of Finance, United Nations Development Programme) emphasized the usefulness of the objective evaluation and constructive criticism of the Board of Auditors and said that they would serve as the basis for corrective action.

18. As was known, the problem of non-convertible currencies had been extensively discussed in the UNDP Governing Council. At its next session, to be held in June 1983, the Council would again try to reach agreement on the formulation of two financial regulations on that item. For his part, the Administrator had made and would continue to make strenuous efforts to utilize the accumulating non-convertible currencies to the maximum extent possible. However, the progress achieved in the utilization of some of those currencies had been offset by comparable increases in the accumulation of other non-convertible currencies and the overall reduction was largely due, as pointed out by the Board of Auditors, to the decrease in the book value of those currencies when expressed in United States dollars.

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(Mr. Stafford)

19. With regard to cash management in UNDP field offices, the complexity and widespread nature of UNDP's activities in that area gave rise to considerable problems. Nevertheless, given the volume of UNDP's transactions, he believed that its record had been satisfactory, and efforts would continue to be made to improve the procedures and systems used.

20. With regard to the comments made by the Board of Auditors on the interoffice voucher system and the reconciliation of the operating fund accounts with agencies' records (A/37/5/Add.1, sect. II, paras. 17-19), he referred delegations to the comments made by the Administrator of UNDP in that respect (*ibid.*, sect. I, paras. 77 and 78). It was inevitable that such reconciling items occurred each year because not all the accounts of the organizations concerned could be left open long enough to include, in the operating fund, all the field transactions of the preceding year. The items were subsequently reported in the accounts of the following year, and the composition of that amount was known at any given time. For that reason, the problem was not significant in terms of bookkeeping, financial control or magnitude.

21. He was fully in agreement with delegations that had emphasized the importance of strengthening the internal audit system of UNDP. In that respect, he pointed out that a new Division for Audit and Management Review had been established and the number of internal audit staff had been increased from five to seven. With regard to a remark by the delegation of India, he wished to clarify that two vacant posts had been filled, without an increase in the staffing table, and without prejudice to an overall reduction of 9 per cent (56 posts) of the staff at headquarters.

22. Mr. MONFORT (Philippines) asked what was the current status of the approximately \$400,000 in unidentified deposits in the UNDP account, mentioned in document A/37/443, paragraph 22, and if the deposits were in interest-bearing accounts. He also wished to know if the addition of one auditor to the Internal Audit Service would solve the auditing problem.

23. Mr. STAFFORD (Director, Division of Finance, United Nations Development Programme) said that the problem of the unidentified accounts was being settled and that at the moment the unidentified deposits amounted to less than \$200,000. UNDP received contributions from various sources and they were occasionally deposited with no indication of their purpose; that gave rise to extensive communications with Governments to try to determine the purpose. UNDP was trying to solve those problems by informing Governments that, if they did not clearly specify the purpose of the funds deposited, the latter would be credited to the general resources of UNDP. Wherever possible, UNDP deposited such funds in interest-bearing accounts and if that was not done they were used for the benefit of the country in question. None the less, unidentified deposits continued to be listed as such in UNDP accounts until the purpose for which they were intended had been determined. In conclusion, he said that the UNDP Administration attached the greatest importance to internal audit questions and to the need to strengthen the Internal Audit Service.

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24. Ms. CATLEY-CARSON (Deputy Executive Director for Operations, United Nations Children's Fund), referring to the hundred or so letters on management questions addressed by the Board of Auditors to the various organizations, said that UNICEF had immediately answered all the letters received and had taken appropriate action. Once the Fifth Committee had concluded its debates and UNICEF had had time to review them, immediate attention would be given to further steps to be taken in that area. UNICEF was currently reviewing the report of the external auditors, the ACABQ report on the financial report of UNICEF, together with the observations of the Executive Director. The outcome of those discussions would be reported to the Executive Board in May 1983.

25. In the course of the discussion of agenda item 102, reference had been made to UNICEF procurement procedures, among other things. With regard to the enforceability of penalty clauses, UNICEF agreed with the recommendation in paragraph 29 of the ACABQ report (A/37/443) that the question should be considered on a contract-by-contract basis pending the conclusion of the relevant work by the United Nations Commission on International Trade Law. The Financial Regulations and Rules of the United Nations stipulated that contracts might be awarded without calling for formal invitations to bid when, inter alia, a standardization of supplies or equipment had been approved or the contracts related to the purchase of proprietary articles (rule 110.19 (c) and (e)). Proprietary equipment was quite frequently requested by recipient Governments and UNICEF field offices to ensure standardization with equipment already in the country, to ensure that spare parts and services would be available and to minimize the training required for installation and operation. In line with the rule mentioned earlier, UNICEF contracts could thus be awarded without calling for bids. Nevertheless, in its effort to obtain the best products at the lowest cost, UNICEF had established procedures to issue an invitation to bid to a number of suppliers, referring to a specific model to define what was required, but adding the phrase "or equivalent" in an attempt to broaden the competition. In practice, that method had been successful either in obtaining a lower price than would have been obtained on a sole source quotation or in obtaining offers of equivalent supplies at a lower price, which on occasion had been accepted. Such procedures respected the Financial Regulations and Rules of the United Nations, protected the interests of UNICEF and recipient Governments and safeguarded the principle of the equality of bidders.

26. Budgetary control had been a constant concern of the UNICEF Administration and during the last 20 years UNICEF had never exceeded the total budget allocations approved by its Executive Board. The comments of the Board of Auditors (A/37/5/Add.2, sect. II, paras. 5-7) referred to control of individual allotments; the inference was that the requirement of prior approval by UNICEF headquarters was perhaps not called for. The streamlining of existing procedures would increase efficiency in budget execution and the effectiveness of controls, and would reduce costs.

27. At the end of 1981, UNICEF had had approximately \$11 million in current accounts, or 11 per cent of its cash resources at that time. Average monthly expenditure by UNICEF 1981 had been over \$25 million, so that the total balance in current accounts throughout the world had been less than the cash requirements for two weeks, as against the two and a half months provided for in the Financial Rules (rule 108.7). Moreover, in many instances it had been possible to collect interest even on the balance in current accounts.

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(Ms. Catley-Carson)

28. UNICEF maintained some funds in non-convertible currencies for procurement and other expenses in the donor countries. There were no holdings of such currencies and the balance at the end of each financial year was almost entirely earmarked by the beginning of the following financial year.

29. UNICEF needed to hire experts and advisers for its support services for technical co-operation programmes among developing countries. It also needed, on occasion, to engage Professional staff for short periods to cope with a work-load that exceeded the capacity of the permanent staff. The most practical procedure for UNICEF was to hire experts and advisers when the new areas of work were assigned by the Executive Board, when the developing countries made it known that they needed certain services or help in certain sectors, or when for budgetary reasons a limitation was placed on the number of permanent posts. The existing administrative instructions contained guidelines regarding the types of contracts to be awarded to experts and advisers, their conditions of service and salaries, termination of their contracts, and the like, and called for details of their functions and evaluations of their work. Contracts were subject to a series of authorizations, and in some cases contract proposals had to be submitted to the Committee on Contracts. It was no doubt necessary to have rules governing the procedures for hiring experts and advisers but, on the other hand, UNICEF would be greatly handicapped if it could not draw upon that category of officials.

30. UNICEF was consolidating its travel procedures and, given the Committee's interest in the matter, it might be appropriate to report on the matter in 1983.

31. Mr. MONFORT (Philippines), referring to the statement that UNICEF had no holdings in non-convertible currencies, asked how funds in such currencies were utilized, since information on that subject could be of value to other agencies.

32. Ms. CATLEY-CARSON (Deputy Executive Director for Operations, United Nations Children's Fund) said that non-convertible currencies were used, for example, to defray the operational costs of other United Nations agencies in a given area, to maintain a constant stock of products in countries with non-convertible currencies, to make purchases for UNICEF warehouses of articles that could be drawn upon in cases of emergency, or to conduct seminars and educational programmes. In any case, the ways in which such funds were utilized was re-examined every two months.

33. Mrs. LOPEZ (Colombia) expressed support for the work of UNICEF and the advances it had made in behalf of children.

34. Mr. MILES (Director, New York Liaison Office, United Nations Relief and Works Agency for Palestine Refugees in the Near East) said that the points mentioned in the report of the Board of Auditors (A/37/5/Add.3, sect. I) would be carefully studied by UNRWA and corrective action would be taken. He was prepared to answer any questions which delegations might have on the report.

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35. Mr. LUCAS (Chief, Finance and Administration Section, United Nations Institute for Training and Research) said that there would be no deficit in the UNITAR budget for the current year. UNITAR was reducing its activities to match the funds received, but it would not be able to fulfil its mandate if the restrictions continued. In 1981 appropriations for UNITAR had been reduced from \$2.7 million to \$2,435,000. Yet, it had still had a deficit of \$350,000, which had been covered by a subsidy approved in General Assembly resolution 36/234 A. Of the total amount of \$500,000 for unpaid pledged contributions listed in the report of the Board of Auditors, UNITAR had thus far received \$400,000. In September 1982 the UNITAR Board of Trustees had established a set of norms and guidelines for establishing and administering special-purpose grants.

36. As for the 1981 deficit of \$49,421 to which the representative of the United States had referred, he explained that UNITAR had received an additional charge under programme support costs for work begun in 1981 after the accounts for the year had been closed: that amount would therefore appear in the accounts for 1982.

37. On the subject of leasing the first floor of the premises occupied by UNITAR, the tenant who had been occupying part of that floor had vacated it on 1 October 1982. It would therefore be possible to look for a tenant for the whole floor, whereas previously it had proved impossible to let only part of it.

38. Mr. MONFORT (Philippines) asked what had prompted UNITAR to incur some expenditure in 1981 without available funds, and whether it had consulted the Office of Financial Services on the matter.

39. Mr. LUCAS (Chief, Finance and Administration Section, UNITAR) explained that the Institute had cut its original budget for 1981 and had spent less than the amount approved by its Board of Trustees, as well as reducing its staff from 43 to 35 in order to match its reduced income. However, the contributions collected had not been sufficient to cover the expenditure already approved.

40. Mr. GORDON-LENNOX (Acting Regional Representative, Office of the United Nations High Commissioner for Refugees), in praising the Board of Auditors for their work and contribution to the improvement of financial management and control systems, said that the Office of the High Commissioner had maintained a continuous dialogue with the Board and had received detailed comments which had enabled it to take corrective measures and to improve its administrative procedures.

41. Noting the Board's observation that the voluntary funds budget did not provide sufficient information, he pointed out that, in his annual report to the Executive Committee, the High Commissioner had taken steps to provide additional information.

42. The Board had also recommended that the overall allocations should be limited as far as possible and should only be used for the purpose for which they had been provided. In the budget estimates for 1983, which the High Commissioner was about to submit to the Executive Committee, a total figure of \$3.6 million was being suggested for the overall allocations, an amount which, when compared with the \$4.2 million spent for that purpose in 1981, represented a reduction of

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(Mr. Gordon-Lennox)

15 per cent, without taking into consideration the effects of inflation. That overall reduction had been achieved despite an increase of \$340,000 for legal assistance resulting from the increased volume of work in that area and from the need to assist refugees by providing them with travel and identity documents, as required by Governments, as well as printing various publications on protection of refugees. Those examples illustrated the use and utility of the overall allocations.

43. Turning to project implementation, he expressed the view of the Office of the High Commissioner that field officers should exercise strict control over projects and ensure the proper application of the administrative and financial provisions of the agreements with the implementing partners. Progress had been made in that area by inserting clauses into the agreements allowing for access to the books for the implementing partners and participation in some of their administrative procedures, particularly with respect to procurement. As the Board of Auditors had indicated, effective control and monitoring of activities largely depended on the willingness of the implementing partners to co-operate. The Office of the High Commissioner had taken various corrective measures, to which the partners had responded positively, and every effort was being made to ensure the necessary co-operation to improve procedures. As for the development of the procurement manual for field offices and implementing partners, the Office of the High Commissioner had recognized the need for such a tool for some time. In recent months considerable progress had been made with an in-depth study of procurement procedures both at headquarters and in the field, on the basis of which it would be possible to begin producing the manual in the near future.

44. Referring to the question raised by the representative of India about the proportion of UNHCR administrative costs that had been met from the United Nations regular budget and voluntary funds respectively, the Secretary-General had gone into that matter in a report (A/C.5/37/1) which would be before the Committee later in the session.

45. Mr. MONFORT (Philippines), referring to the report of the Board of Auditors on voluntary funds administered by UNHCR (A/37/5/Add.5, sect. I) and the recommendation contained in paragraph 18 that future agreements with Governments should contain a provision requiring that UNHCR be informed well in advance of planned camp closures, asked what UNHCR planned to do if there was a need to reopen closed camps; he wondered whether it had emergency resources to reopen them.

46. Mr. GORDON-LENNOX (Acting Regional Representative, Office of the United Nations High Commissioner for Refugees) reminded the Committee that the opening or closing of a camp was a prerogative of sovereign Governments. The Office of the High Commissioner was pleased to receive notice of the closing of a camp because, generally, that indicated that the problem of the refugees concerned had been resolved or was about to be. When it proved necessary to re-open a camp at short notice because of a new flow of refugees, UNHCR did have an emergency fund to which it could turn in such circumstances.

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47. Mr. FABY (Deputy Chief of the New York Liaison Office of the United Nations Environment Programme) said that all the general comments made in the course of the Committee discussion which referred to UNEP would be accurately relayed to the Secretariat. He added that the recommendations of the Board of Auditors would be taken into account by the Secretariat and that the Board's report would be submitted to the UNEP Governing Council at its next session.

48. Mrs. LOPEZ (Colombia) said that her country, which had been a victim of environmental degradation, was most grateful for UNEP programmes, and she expressed particular thanks for UNEP support for the implementation of environmental protection programmes in her country.

49. Mr. WITTRIN (Deputy Executive Director, United Nations Fund for Population Activities), in underlining the importance of the work of the Board of Auditors and the Advisory Committee in such times of financial restraint, noted the comments made by various delegations, particularly on budget estimates, inventory control, procurement, and internal audit systems. Those comments, together with those of the Board of Auditors and of the Advisory Committee would be taken into account when taking remedial action. In particular he mentioned the corrective action taken to maintain separate records of purchasing and receiving operations; changes were already being made and it was hoped that all the problems would have been overcome by the next year. As far as procurement was concerned, the purchase requisition form for equipment had been redesigned to ensure that approval and checking procedures followed established practice.

50. Some delegations had expressed concern at overspending at some field offices at a time when there was a need to reduce programmes worldwide. Currently, steps were being taken to tighten up the financial procedures and every effort was being made to overcome the problems that had been identified.

51. As far as the internal audit was concerned, UNFPA was grateful that UNDP intended to strengthen that service, in which the two bodies were associated on a cost-sharing basis. It was hoped that the major problems that had been identified could thus be overcome.

52. Mr. KANDASWAMI (Chief of the New York Office of the United Nations Centre for Human Settlements (Habitat)) said that the Board of Auditors in its report (A/37/5/Add.8, sect. II) had commented on only two matters, namely electronic data processing and expendable and non-expendable property. In both cases the Administration had agreed to take steps to improve the situation.

53. He also underlined that the Auditors had stated that the Administration had either provided satisfactory explanations or had taken appropriate action on the matters raised in the report on the biennium 1978-1979.

Draft decision A/C.5/37/L.3

54. Mr. FORAN (Controller), said that the first paragraph of the draft decision A/C.5/37/L.3 referred to the recommendation of the Advisory Committee contained in paragraph 33 of its first report (A/37/7). He concurred with that recommendation and intended to consult the Advisory Committee, at a later stage, on procedures for implementing it.

55. Referring to paragraph 2 of the draft decision, he recalled that, as stated in the summary record of the Committee's 82nd meeting at the previous session (A/C.5/36/SR.82, para. 13), the Assistant Secretary-General for Financial Services had indicated that the supplementary credits requested at the time, in the amount of \$2,553,000, would be regarded as a new appropriation; consequently, they had not been affected by the suspension of financial regulations 4.3, 4.4 and 5.2 (d), and the unspent balance of that appropriation would be reimbursed to Member States.

56. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) requested a clarification, in view of the Controller's statement. It might be useful if he could inform the Committee what amount would be retained pursuant to General Assembly resolution 36/116 B, by which the provisions of regulations 5.2 (d), 4.3 and 4.4 of the Financial Regulations had been suspended. In paragraph 33 of document A/37/7, to which reference was made in draft decision A/C.5/37/L.3, the Advisory Committee, after dealing with the amount of \$1,883,100, had stated that the amount to be retained pursuant to the suspension of the financial regulations in question was \$7,980,084. In the light of the Controller's statement, he wondered whether an amount of \$2,533,100 would have to be deducted from that figure.

57. Mr. KRISTIANSEN (Denmark), speaking on behalf of the 10 member States of the European Economic Community, said that it was not clear what the position of the Advisory Committee was on paragraph 2 of the draft decision that the Fifth Committee was being asked to approve. He therefore requested an official opinion from the Advisory Committee before any action was taken in that connection.

58. Mr. ZINIEL (Ghana) said that the Danish representative's suggestion was timely, particularly since his delegation had no difficulty with the recommendation in paragraph 33 of document A/37/7. However, given that paragraph 2 of the draft decision stated that there had been an error, he wondered why the Advisory Committee had not given any opinion on the matter.

59. Mr. KEMAL (Pakistan) wondered whether, in the light of the Controller's statement, the draft decision submitted by the Soviet Union was necessary, since the draft's two paragraphs could be covered by the draft resolution traditionally formulated by the Chairman. Moreover, he was not in agreement with the words "erroneously requested" and "to cover an assumed deficit" in paragraph 2 of the draft decision.

60. Mr. PEDERSEN (Canada) associated himself with the remarks of the representative of Pakistan.

61. Mr. EL-SAFTY (Egypt) also endorsed the comments of the representative of Pakistan and thought that the words "which in fact did not occur", at the end of the draft decision, also called for comment.
62. Mr. DITZ (Austria) said that the Controller's statements had confused his delegation and he hoped that the Advisory Committee would give its advice as the Danish delegation had requested.
63. Mr. GRODSKY (Union of Soviet Socialist Republics) said that a clear reply by the Controller to the questions that had been asked would help to settle the argument that had arisen.
64. Mr. FORAN (Controller) said that the amount of \$2,553,100 would indeed be deducted from the amount of \$7,980,084 appearing in paragraph 33 of document A/37/7.
65. Mr. WILLIAMS (Panama) said that, in order to avoid a vote, he would ask the representative of the Soviet Union to withdraw draft decision A/C.5/37/L.3.
66. Mr. GRODSKY (Union of Soviet Socialist Republics) said that, having heard the Controller's statement, his delegation believed there was no disagreement about the fact that the \$2.5 million referred to in draft decision A/C.5/37/L.3 should be reimbursed to Member States or credited to their assessments for 1983. There seemed no point, therefore, in pressing for a vote on the draft decision, since his delegation had attained its objective by other means. Accordingly, he was glad to accept the Panamanian proposal.
67. The CHAIRMAN said that, in view of the Controller's explanation that the sum of approximately \$2.5 million would be included in the amount credited to Member States in 1983, and the consequent statement of the representative of the Union of Soviet Socialist Republics, there was no need for any decision on draft decision A/C.5/37/L.3.
- Draft resolution A/C.5/37/L.4
68. The CHAIRMAN invited delegations to comment on draft resolution A/C.5/37/L.4 prepared in connexion with agenda item 102.
69. Mr. ZINIEL (Ghana) welcomed the Chairman's initiative, which had made the Fifth Committee's work easier. On the other hand, his delegation thought that the Fifth Committee should place on record its gratitude to the Board of Auditors for the work it had done. After a brief consultation with the delegations, in particular those of Belgium and Bangladesh, agreement had been reached in that connection. He therefore proposed that the words "gratefully endorses" should be inserted after the words "accounts and" in paragraph 1 of draft resolution A/C.5/37/L.4, so that the text would read: "Accepts the financial reports and accounts and gratefully endorses the audit opinions of the Board of Auditors,".

70. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that his delegation had no objection to the substance of draft resolution A/C.5/37/L.4 and was ready to adopt it by consensus. It also found the amendment proposed by Ghana acceptable.

71. The Byelorussian delegation did, however, wish to propose the addition of a new paragraph 4, following which the existing paragraph 4 would become paragraph 5. The new paragraph would read: "Requests the Secretary-General of the United Nations to take urgent and effective steps to further strengthen financial discipline in all departments of the Secretariat, and to remove the shortcomings referred to in the reports of the Board of Auditors and of the Advisory Committee on Administrative and Budgetary Questions;".

72. In his delegation's opinion, in addition to the request to the executive heads of the organizations and programmes concerned, made in paragraph 4 of the original draft, there should be a reference to the specific function of the Secretary-General.

73. The CHAIRMAN agreed to discuss the oral amendment and asked the Committee if it was ready to take a decision on it or whether it would prefer some other procedure.

74. Mr. KEMAL (Pakistan) said that he would have been in favour of taking a decision on the draft resolution as speedily as possible but, in view of the amendments that had been submitted, particularly those of the Byelorussian SSR, he thought it advisable to wait before reaching a decision.

75. The amendment said that the Secretary-General should take urgent and effective steps, and he would like to know what such steps would be. He also wondered whether the situation in the United Nations was such that measures of such importance could be taken. He thought it would be more appropriate to postpone the decision to the next meeting.

76. The CHAIRMAN said that a decision would be taken on the draft resolution at the next meeting and that the amendment of the Byelorussian SSR would be circulated in writing.

The meeting rose at 1.10 p.m.