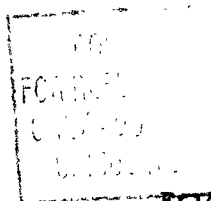


United Nations
GENERAL
ASSEMBLY
THIRTY-NINTH SESSION
Official Records*



FIFTH COMMITTEE
3rd meeting
held on
Friday, 28 September 1984
at 10.30 a.m.
New York

SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. MAYCOCK (Barbados)

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

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The meeting was called to order at 10.55 a.m.

AGENDA ITEM 108: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/39/5, vols. I, II and III and Corr.1 and Add.1-7, Add.8 and Corr.1 and Add.9; A/39/510)

1. Mr. NELSON (Chairman of the United Nations Board of Auditors), introducing the reports of the Board of Auditors on the financial reports and audited financial statements of organizations within the United Nations system for the biennium ended 31 December 1983 (A/39/5, vols. I, II and III and Corr.1 and Add.1-7, Add.8 and Corr.1 and Add.9), said that the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Board of Auditors had met on 6 September 1984 to discuss the reports in question, including that of the United Nations Industrial Development Fund (UNIDF) which had for the first time been prepared separately from that of the United Nations. The audit had been carried out by the staff of the three members of the Board: Ghana, Bangladesh and Belgium, under the direction of the Audit Operations Committee and in line with the principle of the joint and individual responsibilities of members of the Board. In keeping with the approach developed in previous years, the Audit Operations Committee had engaged in a continuous dialogue with the Administrations of the various organizations for which the Board of Auditors had audit responsibility and had issued about 100 management letters as a result of the specific audits carried out.

2. With regard to the main elements of the Board's findings on the financial reports of the different organizations, on the subject of budgetary control it had been recommended to a number of organizations that they should further improve their control over expenditures. The Board had also expressed concern over the inadequacy of reviews of unliquidated obligations to establish the validity of outstanding obligations. In one organization in particular, obligations for purchases of supplies ordered in December 1983 but not delivered in the financial period had been charged against the 1982-1983 appropriation, contrary to the relevant financial regulation. The various Administrations had, however, reacted promptly, undertaking to institute measures to ensure effective budgetary control in the future.

3. With regard to trust funds, the Board of Auditors had noted that, in one organization, agreements between the Administration and trust fund donors had not in all cases been concluded prior to the commencement of work and that in some organizations greater control must be exercised over project budgets and improvements must be made in the reporting system on substantive and financial matters. The Board of Auditors had also recommended that existing procedures for the review of completed and inactive trust fund projects should be improved to ensure prompt completion of operational and financial activities. The Administrations concerned had undertaken to rectify that situation.

4. With regard to travel costs, the Board had noted that in a number of organizations existing procedures had not been adequately followed to ensure effective control of travel programmes. In one organization in particular,

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(Mr. Nelson)

arrangements relating to staff travel entitlements had not respected the provisions regarding economies.

5. With regard to procurement practices, the Board's review had indicated that, in four organizations, the relevant financial rules and regulations, particularly those relating to purchasing, vendor/contractor selection, bidding and negotiations, had not been adequately applied. The Administrations concerned had assured the Board that they would take steps to guarantee the economy and efficiency of operations, in accordance with the relevant financial rules and regulations.

6. With regard to the United Nations Disengagement Observer Force (UNDOF), the Board had reported that there was a shortage of gasoline coupons valued at \$26,260 and that no satisfactory explanation had been received. The Administration had informed the Board that, subsequent to its review, the amount had been revised to \$7,000.

7. With regard to project activities, the Board had noted that, in some organizations, despite the efforts made since the previous audit to improve project management systems, a number of weaknesses still characterized project implementation. Those weaknesses centred on delays in the implementation of projects due to internal and external factors, including delays in the provision of the necessary inputs, late or non-provision of project and counterpart personnel and inadequate facilities. Reporting on project implementation had also been either delayed or omitted. The Board had also noted that, in some cases, expenditures had been incurred in excess of, or without, allotments while, in others, allotments had remained unspent or significantly underspent, suggesting unsatisfactory cash management. In particular, the report on the United Nations Development Programme (UNDP) had included observations on the status of various reporting and evaluation requirements for project activities. The Administrations had informed the Board that they would continue their efforts to ensure that project activities were carried out with maximum efficiency and effectiveness.

8. With regard to the internal audit, in accordance with their respective mandates the external and internal auditors of the United Nations and other organizations shared many activities. Both had objectives geared towards the evaluation of internal control and the degree of efficiency and economy with which the accounting system in place was operated and towards ensuring maximum and cost effective service to the organizations. The Board of Auditors had continued to give attention to the internal audit and believed that organizations of the United Nations system should have at their disposal at all times an internal audit service with sufficient scope, adequate resources and the necessary training facilities and reporting capabilities to provide better assurances to the Administration that resources for which it was accountable were being managed efficiently, economically and effectively. In that regard, the Board had carried out a follow-up review of the internal audit coverage at the United Nations and had commented on the situation in the relevant report.

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(Mr. Nelson)

9. With regard to the financial statements of the United Nations (A/39/5, vol. I, paras. 112 and 113), it was the Board's view that, unless assessed contributions were paid in a more timely fashion, a serious cash flow crisis would be imminent.

10. Finally, with regard to the action taken by the Administrations to implement the recommendations contained in earlier reports of the Board, in general satisfactory action had been taken to that end. Those areas which required further action had once more been mentioned in the Board's reports.

11. Mr. FORAN (Controller), referring to the financial report and audited financial statements for the United Nations for the biennium ended 31 December 1983 and the report of the Board of Auditors (A/39/5, vol. I), said that the Board of Auditors had sent management letters to the Administration in connection with the principal matters on which it had commented (budgetary control, trust funds, procurement practices, travel, technical co-operation activities, computer operations and internal audit), to which the Administration had responded or was in the process of responding. In that connection it should be noted that it had not been the practice of the United Nations to provide a separate written response to the report of the Board of Auditors for inclusion in the financial reports and accounts, as the General Assembly, in resolution 32/16, had requested the Board of Auditors to comment in its future reports on the implementation by the Administration of the Board's previous recommendations. However, in future the Administration's reply to the Board's report would be included in the light of the Advisory Committee's recommendation that executive heads should include any comments they might have to make in the documents containing the reports of the Board of Auditors, as had been done in the case of the reports of UNDP, the United Nations Children's Fund (UNICEF) and the United Nations Fund for Population Activities (UNFPA).

12. With regard to the actions taken by the Administration since the thirty-seventh session of the General Assembly to improve the financial functioning of the Organization, mention should be made of a further delegation of authority to heads of offices away from Headquarters with regard to designating approving officers and to procurement; the implementation at Headquarters of a new travel and transportation payment system which would simplify the administrative paperwork and provide some economic benefit to the Organization; substantial completion of a computer-based treasury information system covering cashiery, short-term investment and contributions functions; the development and issuance of separate financial rules for the United Nations Industrial Development Fund (UNIDF); and the development and application of a computerized insurance information and control system.

13. Finally, high priority continued to be attached to the improvement of the financial procedures and practices of the Organization, through, in particular, the introduction of new computer-based systems with the aim of attaining greater efficiency and economy in the financial administration of the Organization.

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14. The CHAIRMAN said that the list of speakers on item 108 was open. In accordance with the decision taken by the Committee at its 2nd meeting, the list would be closed on Monday, 1 October, at 1 p.m.

ORGANIZATION OF WORK (A/C.5/39/5; A/C.5/39/L.1; A/INF/39/2)

15. The CHAIRMAN said that the Bureau of the Committee had advanced consideration of item 116 by one week and of items 117 and 118 by two weeks, as requested at the previous meeting. In rescheduling the items, account had been taken of the availability of the relevant documentation and the need to allow delegations a reasonable time to study it. Similarly, in order to allow the Committee to concentrate on those items, consideration of item 110 had been advanced to the week of 22 October; consideration of item 114 had been advanced by one week and the consideration of items 111, 112 and 113 had been scheduled for mid-November. Item 109 was due to be taken up at the same time as items 110, 116, 117 and 118, time permitting, since priority would be given to the latter items.

16. Mr. DUQUE (Secretary of the Committee) said that the Secretariat had taken the necessary steps to issue very shortly the reports on the items which the Committee had decided to take up earlier than envisaged. Every effort would be made to issue all the documents relating to item 116 before 5 October, with the exception of the report on respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations, which would be issued in mid-October, and the report of the Joint Inspection Unit on competitive examinations in the United Nations (JIU/REP/84/11) and the comments of the Secretary-General thereon, which would be issued on 8 and 15 October respectively.

17. With respect to item 117, document JIU/REP/84/12 on staff costs would be issued on or about 5 October. The comments of the Secretary-General on that report would be issued shortly thereafter. The comments of ACC would be issued somewhat later, although, as that Committee would be meeting at the end of October, it might be necessary to wait for its comments. The report of ICSC (A/39/30) would be issued on 1 October.

18. With regard to item 118, the report of the United Nations Joint Staff Pension Board (JSPB) (A/39/9), would probably be issued on 5 October, while the report of the Secretary-General on the Fund's investments would be issued between 5 and 8 October. The Chairman of ACABQ would perhaps be able to provide details of the date on which the Advisory Committee's report would be introduced, given that the Pension Board's report was to be issued on 5 October.

19. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that it was impossible for him to give a precise indication of when the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) could be made available, even if the report of the United Nations Joint Staff Pension Board was actually issued on 5 October. The Fifth Committee could rest assured that once ACABQ received the Pension Board's report, it would give high priority to considering it and would endeavour to complete its own report as quickly as possible.

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OTHER MATTERS

20. The CHAIRMAN, quoting from a letter received from the Under-Secretary-General for Public Information, drew the Committee's attention to the fact that press releases were not official documents. They were intended for journalists and were prepared in accordance with their needs. Efforts were made to see to it that they were accurate, clear, concise and balanced in terms of the length of statements, and to prepare them as quickly as possible.

21. To expedite their issuance, they were generally prepared in final form during the meetings and were made available to correspondents as quickly as possible. Missions received press releases through the usual distribution channels of the Department of Conference Services.

22. Unlike official documents, press releases highlighted the main aspects of the debates and were issued in French and English only. All substantive errors were corrected. Nevertheless, it was not possible to rectify any stylistic shortcomings or to include statements which had not been delivered at meetings.

The meeting rose at 11.35 a.m.