

**UNITED NATIONS
INSTITUTE FOR TRAINING AND RESEARCH**

**FINANCIAL REPORT
and
AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 1985
and
REPORT OF THE BOARD OF AUDITORS**

GENERAL ASSEMBLY
OFFICIAL RECORDS: FORTY-FIRST SESSION
SUPPLEMENT No. 5D (A/41/5/Add.4)



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New York, 1986

NOTE

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[22 July 1986]

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LETTERS OF TRANSMITTAL

18 April 1986

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1985, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Michel DOO KINGUE
United Nations Under-Secretary-General
and Executive Director of UNITAR

The Chairman of the Board of Auditors
United Nations
New York

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1985, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) R. T. NELSON
Auditor General of Ghana
and Chairman of the
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1985

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1985, of the United Nations Institute for Training and Research (UNITAR). This report is presented in accordance with subparagraph 3 (i) of article IV of the statute of the Institute.

Statement I

UNITAR General Fund: status of appropriations

2. Statement I gives the status of appropriations for the year ended 31 December 1985. The original appropriation was \$2,433,955, while the revised appropriations raised the amount to \$2,643,955. The increase in the amount of the original appropriations by \$201,000 was authorized during the meeting of the UNITAR Board of Trustees in September 1985. Total expenditures amounted to \$2,407,365. The UNITAR appropriations represent the amounts authorized by its Board of Trustees for specified purposes for a financial period against which obligations may be incurred for those purposes up to the amounts so authorized. The UNITAR concept of appropriations is that of a budget estimate in the sense that the unobligated balance at the end of the financial period merely shows the difference between the actual expenditures and the estimated requirements.

Statement II

UNITAR General Fund: statement of income and expenditure

3. The amount of \$1,698,871 shown in statement II was pledged by Governments as contributions to the General Fund for 1985 (schedule 3.1). In addition, \$811,850 was received as other income bringing the total income for the year to \$2,510,721. The expenditures for the year amounted to \$2,407,365, resulting in an excess of income of \$103,356 over expenditure. An amount of \$600,000 from the \$1.5 million grant approved by General Assembly resolution 39/177 of 17 December 1984 to supplement the funds raised through voluntary contributions was received, of which the sum of \$496,644 was utilized. The amount of \$600,000 is included in the figure of \$811,850.

Statement III

UNITAR General Fund: statement of assets and liabilities

4. Statement III reflects the assets and liabilities of the General Fund as at 31 December 1985. The assets, totalling \$1,812,626, consisted of cash of \$143,028, pledged contributions unpaid in the amount of \$1,318,697, accounts receivable of \$316,943 and deferred charges of \$33,958. The liabilities of the General Fund amounted to \$2,386,933. Of this, \$75,801 was for accounts payable, \$43,099 for unliquidated obligations (statement I), \$726,978 was due to the United Nations General Fund, and \$655,055 was recorded as deferred income for future years'

pledges. In addition, a reimbursable advance of \$886,000 from the United Nations General Fund is reflected as approved by General Assembly resolution 38/177 of 19 December 1983, repayments of which will begin in 1986.

5. The fund balance as at 31 December 1985 for the UNITAR General Fund shows a deficit of \$574,307. This balance is comprised of the deficit as at 1 January 1984 of \$677,663, less the net excess of income over expenditure (statement II) of \$103,356.

6. The General Assembly, in its resolution 39/177 of 17 December 1984, approved a grant from the United Nations regular budget to the UNITAR General Fund of up to \$1.5 million. This grant was authorized on an exceptional basis to supplement the funds raised through voluntary contributions for the General Fund, in order to enable the Institute to carry out a minimum training and research programme in 1985 at the level of \$2.5 million decided by the Board of Trustees of the Institute at its special session held from 17 to 19 December 1984. The latter sum was increased on approval by the Board of Trustees to \$2,634,955.

Statement IV

UNITAR Capital Assets Fund: statement of assets and fund balance

7. The leasehold and building shown in statement IV at \$465,000 represent the amount paid for the leasehold located at 805 First Avenue, United Nations Plaza, New York, at the time of its assignment to the United Nations. Of this, \$450,000 was donated to the United Nations by a foundation for use by the Institute. The leasehold will expire in the year 2035.

Statement V

UNITAR Special Purpose Grants Fund: statement of income and expenditure

8. Statement V shows the income and expenditure of the Special Purpose Grants Fund. A total amount of \$1,901,973 was received during 1985 as grants. After adding interest income of \$67,116, savings in liquidation of prior year's obligations of \$57,292, miscellaneous income of \$21,977 and exchange gain of \$29,260, the total income in this Fund was \$2,077,618. The total expenditure of \$1,991,630 (schedule 5.1) represents disbursements of \$1,490,823 plus unliquidated obligations of \$500,807. The net excess of income over expenditure amounted to \$85,988.

UNITAR Special Purpose Grants Fund: statement of assets and liabilities

9. The assets and liabilities of the Special Purpose Grants Fund as at 31 December 1985 are shown in statement V. The total assets of \$2,116,263 consist of cash of \$931,259, cash in non-convertible currencies of \$530,721, accounts receivable of \$502,927, deferred charges of \$83,814 and due from United Nations \$67,542. The liabilities amounted to \$510,058, including \$9,251 as accounts payable and \$500,807 as unliquidated obligations (schedule 5.1).

10. The balance of the Special Purpose Grants Fund was \$1,606,205 as at 31 December 1985. This represents a decrease of \$85,988 in the fund balance for the year ended 31 December 1984 which is the net excess of income over expenditure shown in statement V.

Summary of significant accounting policies

11. The significant accounting policies of UNITAR are outlined in the notes to the financial statements (see annex).

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by article VIII, paragraph 6, of the statute of the United Nations Institute for Training and Research (UNITAR), the Board of Auditors has audited the accounts of UNITAR for the year ended 31 December 1985.
2. The examination was carried out in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at the Institute's headquarters in New York, and at the offices of UNITAR at Geneva and Rome.
3. The following are the most significant matters from our 1985 audit and are intended to assist the Administration in considering and introducing further improvements in the financial management and control system of UNITAR. We have discussed these matters with the Administration, whose reactions have been incorporated where appropriate.

Summary of findings

4. Our review indicated that the Administration has made efforts to improve the project management system; however, in some cases, compliance with the policies and procedures in connection with the establishment of special purpose grants was inadequate, and also, contrary to the provisions of these policies and procedures, resources from the general fund were utilized to supplement those for special purpose projects.
5. The management of a project has included three organizations which were not included in the original contractual agreement.
6. A roster of experts and consultants was not maintained.
7. Our review of procedures for publications contracts disclosed that a Committee has not been appointed for the award of publications contracts and that guidelines have not been established for the award of such contracts.
8. An imprest fund was established under a contractual agreement between the Administration and a building maintenance agent for UNITAR without its provision in the contractual agreement.
9. Our examination of a project at the UNITAR office at Rome indicated a delay in the complete signing of the project document for the second phase of the project and that the project document bore two numbers.
10. We also noted that a Governing Board has not been established and an advisory panel has not been formed, as required by the terms of the initial project document on the UNITAR Small Energy Resources Centre, at Rome.
11. The current staffing complement of the Centre, particularly the technical and professional staff, was inadequate to undertake its increasing activities and the office facilities were also limited.

12. The first publication of the Centre's quarterly journal (project output) was delayed. The accounting of annual subscriptions from associate members was not made in accordance with the terms of reference of the Centre. Furthermore, certification and approval functions for the incurring of expenditures were not completely performed.

13. Records were not maintained for expendable and non-expendable property, as required by United Nations financial rule 110.25 (a).

14. In connection with the audit of the project entitled "Social prospects studies" at the UNITAR office at Geneva, we observed that no work plan was provided for in the project document as required by the UNITAR Policies and Procedures Manual.

15. Effective examination and monitoring of expenditures regarding the special purpose grant for the project at Geneva were not carried out either at the UNITAR office at Geneva by the certifying officer or at UNITAR headquarters in New York by the Administration.

16. Our audit also indicated that the issuing of an evaluation report on the project was delayed.

Technical co-operation activities

Special purpose grants agreements

17. In accordance with UNITAR policies and procedures in connection with the establishment and management of special purpose grants (see UNITAR/EX/R.93, as revised; UNITAR/EX/R.93/Rev.1, para. 15), the acceptance and establishment of special purpose grants are subject to the conclusion of an agreement and should be in line with a standard format of agreement.

18. We observed from a sample test of agreements signed between UNITAR and donors that the prescribed policies and procedures were not followed in a number of cases and, as a result, certain clauses required in the official UNITAR agreement format were not provided for in the agreements.

19. In this connection, we recommended that all agreements for special purpose grants accepted by UNITAR should be concluded in line with the approved policies and procedures and in line with the standard agreement format mentioned above, in order to ensure that necessary legal, operational and financial requirements would be covered in the agreements and that the interests of the Institute would be adequately safeguarded.

20. Although the Administration indicated that, for a small institution like UNITAR, there was a need for flexibility in its operations that are generally of a small-scale nature, it agreed with our recommendations and indicated its compliance with them in future.

Financial administration of special purpose grants projects

21. UNITAR policies and procedures for the establishment and management of special purpose grants stipulate, inter alia, that allotments will be issued only after sufficient contributions have been received to meet the requirements for initial financial obligations.

22. In this regard, our review of special purpose grants projects revealed the following deficiencies in the financial administration of projects:

(a) Expenditures were charged to some projects accounts prior to receipt of grants from donors;

(b) Expenditures incurred on a few projects as at 31 December 1985 exceeded the grants received from donors.

23. Additionally, we noted with concern the practice of utilizing the general fund to supplement the grant received from the donor on a project. In this respect, the audit disclosed that as at 1 January 1985, a balance of \$11,208 shown in the account of one project included an amount of \$8,100 expended from the General Fund of UNITAR in 1984, and in 1985, UNITAR again contributed \$8,500 towards this project which, as at 31 December 1985, showed a deficit of \$14,543.

24. In this connection, we noted that the chances of receiving any further grants from the donor towards this project were slim and that expenditures after 31 December 1985 on the project were likely to be charged to the General Fund.

25. We, therefore, considered that there was a need for tighter budget control of project activities and recommended that:

(a) Project managers should prepare cost plans with due regard to available resources in order to ensure compliance with applicable policies and procedures;

(b) Expenditures on extrabudgetary activities should not be charged to the General Fund;

(c) Expenditures should be incurred on project activities subject to prior receipt of grants from donors.

26. We also drew the attention of the Administration to the relevant terms of the standard special purpose grant agreement, which provide that, if unforeseen expenditures arise, UNITAR will submit a supplementary budget to the donors showing the further financing that will be necessary and that, if no such further financing is available, the assistance provided to the programme under the agreement may be reduced or, if necessary, terminated by UNITAR. In no event will UNITAR assume any liability in excess of the funds provided in the special purpose grant.

27. In its response, the Administration stated that, while UNITAR policies and procedures for the establishment and management of special purpose grants require the Administration not to incur any expenditures before the receipt of the contributions, sometimes initial expenditures become unavoidable. Certain projects are ongoing and their activities cannot be stopped in the middle because of the delay in the receipt of subsequent payments by the donors. This results in the deficit balance at a particular time in the absence of a rolling fund to meet such contingencies. For these reasons, the Administration is unable to avoid the situations mentioned in our observations.

28. The Administration further commented, inter alia, that its operation is based on the assumption that the money is assured and also that most special purpose grants come from Governments that are among the most supportive of UNITAR and consequently it has to show some understanding regarding their problems. As a result, in each annual UNITAR budget, the Board of Trustees has always approved a

budget line concerning subsidy to special purpose grant projects. The policy approved by the Board of Trustees is therefore more flexible than it may appear.

29. Furthermore, the Administration has always felt and has informed the Board of Trustees on several occasions, that the General Fund resources should be used as seed money to promote special purpose grants and that, if a special purpose grant project takes a bit more time than planned, the general fund resources should be used to bring the project to satisfactory completion if additional resources cannot be obtained from the donor(s).

Non-contractual arrangements for management of a project

30. Our examination of records relating to a special purpose grant project (AGA 91800: "Strategies for the Future of Africa"), based in Dakar, indicated that the agreement for the project was concluded between UNITAR and a donor, namely, the Swedish Agency for Research Co-operation with Developing Countries.

31. We noted from the review, however, that the activities of the project have involved three other bodies, a government, the United Nations University, and the Third World Forum, which are not parties to the original agreement on the project. In this regard, available correspondence indicated, for example, that the United Nations University has provided its own budget for the project, which is managed by the Programme Director who is a staff member of UNITAR.

32. We considered that the existing arrangements have not been adequately and pragmatically contrived with regards to the legal, financial and administrative modalities and, as a corollary, could create concomitant problems in the management of the project.

33. We recommended that the Administration should, as a matter of urgency, institute appropriate investigation into the existing operational arrangements, which are not based on the terms of the project document, and should take appropriate steps towards more formalized arrangements.

34. In its response, the Administration pointed out that, while the project conceived as a UNITAR project was totally funded by one donor country, it was subsequently agreed with the donor that the project could be enlarged and could involve other partners. The UNITAR project has created a network of research specialists of interest to the United Nations University. As a result, UNITAR staff were able to accommodate the research needs of the University at the expenses of that institution. That is why the basic agreement between UNITAR and the original donor country was not affected and did not need any adjustment. In any case, the involvement of UNITAR in the project would come to an end by 31 December 1986.

Use of outside expertise and professional services

Roster of experts and consultants

35. Our review of procedures for the engagement of consultants indicated that the Institute has not established any roster of experts and consultants engaged over the years, showing the type of work done and the remunerations offered to them, in order to provide additional guidelines for the engagement of future consultants.

36. In this regard, we recommended that the Administration should maintain a roster of candidates from which consultants and experts could be recruited. Additionally, in future, requests for the engagement of consultants should indicate names of other candidates.

37. The Administration indicated that, under the present management, and in each area of UNITAR activities, the Division or the project concerned keeps a roster of the resource persons who are considered the most interesting. Most projects were headed by the most competent specialists available in their fields who also have other qualities required for the projects, such as language ability, cultural background, etc. The same criteria applied in the case of consultants. It is true, however, that the present Administration of UNITAR did not find a roster of experts and consultants, but it has taken measures to build up a computerized one.

Project - Small Energy Resources Centre, Rome

Delayed formulation and signing of project document

38. Our examination indicated that the estimated starting date for the second phase of the project entitled "Small Energy Resources Centre" was given as 10 October 1985; however, owing to delays attendant to certain aspects of project formulation, the project document had not been signed by the donor as at February 1986, although it was signed by UNITAR and UNDP in November and December 1985, respectively, and by the Director of the Centre, in January 1986. Additionally, the project currently bore two numbers, while the executing agency was referred to as UNDP Energy Office in collaboration with UNITAR.

39. The Administration informed us that the finalization of the project document would certainly be achieved on the occasion of the meeting of the Governing Board of the project in June 1986. With regard to project numbering, the Administration stated that once the Centre became a UNDP global project the UNDP numbering would supersede the previous UNITAR numbering and the financial procedure and accounting would have to be adjusted accordingly. UNDP financial administration procedures would then apply.

Establishment of a Governing Board and formation of an Advisory Board

40. The project document provides for the establishment of a Governing Board composed of major donor countries, companies, consultants and representatives of UNITAR and UNDP, which would have overall supervision of the management of the Centre. The Board would approve the budget and work programme of the Centre, which would be presented by the co-managers.

41. We noted from our examination that a Governing Board had not been established to provide the required overall supervision of the management of the Centre and the approval to its work programme and budget.

42. Additionally, the project document for the first phase of the project also provided for the formation of an Advisory Board to consider and recommend the Centre's programme of work and budget and to draw up principles and policies to govern the activities and operations of the Centre; but we noted that this provision had not been fulfilled.

43. In our view, this omission deprived the Centre of expert knowledge on the planning of programmes and budget, and we therefore recommended that arrangements should be made to appoint an Advisory Board without further delay, since the project is expected to last over a period of seven or more years.

44. The Administration subsequently elaborated that UNITAR and UNDP have been co-operating in the field of energy for a number of years and that meetings are held regularly in New York between UNITAR and UNDP staff on all their joint activities in this field. The budget and the work programme of the Centre were agreed upon between UNITAR and UNDP at one of those meetings, which was personally chaired by the Executive Director of UNITAR.

45. The Administration further stated that the two bodies mentioned in the project document, namely, the Governing Board and the Technical Advisory Panel, had not yet been composed because the Governing Board included all major donors to the Centre and the co-managers were lobbying donor Governments to join the Centre and thus become members of the Governing Board. The first meeting of that Board would take place in June 1986. It further explained that it is the Governing Board that should approve the composition of the Technical Advisory Panel. Nevertheless, the Centre did not start its activities without the co-managers seeking advice from the experts.

Provision of project personnel and office facilities

46. Examination of the project document and relevant files on the project indicated that, although the aim of the Centre concerning staffing is to keep the full-time staff to a minimum by using consultants on short-term assignments whenever possible, once the Centre is fully operational, there would be grouping of staff in categories and staffing would reach full strength gradually as the Centre gains the capacity to undertake more activities.

47. Nevertheless, our review and discussion with the Administration disclosed that the current staffing complement, particularly technical personnel and professionals, was not adequate to undertake the increasing activities of the Centre. Similarly, the present office space was considered limited to be able to meet normal functioning of anticipated staff facilities.

48. In this regard, the Administration informed us that the full staffing of the Centre would depend on long-term financing arrangements for the Centre, which the Governing Board of the Centre would discuss in June 1986. The staffing of the Centre was indeed the crux of the Centre's problems and required absolute priority to prevent the Centre from achieving minimal results.

49. Additionally, the Administration stated that steps were being taken to provide basic administrative facilities, for instance more suitable premises, purchase of a personal computer for word processing and a car, all of which would necessarily absorb some time and resources which could otherwise have been devoted to implementing more substantive activities.

Accounting for receipts of funds

50. Our audit revealed that annual subscriptions from associate members are received directly at the Centre and that official receipts are issued for them and the amounts deposited into the Centre's bank account.

51. We noted in this connection, however, that although the terms of reference of the Centre provide that its expenses shall be met, inter alia, from the subscriptions, there are no directives or authority from UNITAR headquarters on this arrangement.

52. In view of the possibility of the Centre exceeding its authorized imprest level, we advised that the necessary directives or authority should be obtained from UNITAR headquarters or arrangements should be made to transfer these monies to the officially designated bank account in New York.

53. The Administration informed us that it had taken note of our observation and that appropriate procedures should certainly be adopted, especially in view of the fact that, if the Centre became a "classic" UNDP global or interregional project, it would have to conform to UNDP financial rules and procedures relating to receiving and accounting for "extra sources of funds".

Certification and approval of obligations and expenditures

54. United Nations financial rule 110.3 requires that every obligation or proposal for the incurring of expenditure shall require certification by a certifying officer, on the one hand, and subsequent approval by an approving officer designated for the purpose, on the other hand.

55. Our examination disclosed that a number of disbursement vouchers for the period January through December 1985 were not approved before payments were effected, while a few instances of vouchers were not certified.

56. We advised the Administration to ensure that obligations and expenditures are duly certified and approved in line with the financial rule mentioned above.

57. The Administration informed us that, in view of the replacement of the directorship of the Centre, the appointment of the new Director as certifying officer was in the process. It further stated that, since the resignation of the previous approving officer in December 1984, no approving officer had been appointed, pending a decision on which one of the staff members should be in charge of the administration.

Control over property record

58. United Nations financial rule 110.25 (a) requires that complete and accurate records shall be maintained of supplies, equipment and other property purchased, received, issued, sold or otherwise disposed of, and remaining on hand.

59. In this regard, our examination revealed that no property records were maintained at the Centre for expendable and non-expendable property.

60. In its response to our inquiry, the Administration indicated that it was immediately taking the necessary steps to implement this obligation and that it would obtain the necessary forms to meet this obligation.

Provision of work plan

61. The Policies and Procedures Manual of UNITAR requires that part III of a project document should provide a detailed work plan or programme of work for the project.

62. Our examination of the above-mentioned project undertaken by the Association mondiale de prospective sociale (AMPS) and UNITAR, showed that this provision was not made in the project document and, as a corollary, for example, the cost plan attached to the project document as part V was prepared without the benefit of a detailed work plan or programme of work.

63. The Administration's explanation suggested that, although the special purpose grant was negotiated and agreed upon between the Executive Director of UNITAR and the Secretary-General of AMPS, it was not possible at that initial stage to consider a detailed work plan, since AMPS activities were only being planned.

64. We recommended that, in future, project documents should provide a detailed programme of work to ensure, inter alia, that project budgets would be established more accurately and that project implementation would be facilitated.

Non-provision of documentary outputs in project document

65. Similarly, we noted that responsibility for producing documentary outputs was not clearly identified in either the special purpose grant agreement or the project document and, as a result, the documentation of the research materials for 1984 was delayed.

66. We considered that, since AMPS activities relate to research materials, the provision of a definite centre of responsibility for the documentation of those materials would be more beneficial to the Centre and would have helped to minimize the delay experienced in obtaining the documentation of the research materials for 1984.

67. In this regard, the Administration stated that this issue was also not brought to their attention during the preparation of the special purpose grant agreement and the project document. However, it agreed to include an appropriate column in their future project documents.

Delay in issuing evaluation reports

68. Article V of the special purpose grant agreement signed between UNITAR and AMPS requires a joint evaluation by them of the activities financed from the special purpose grant. Part IV of the project document also states that the project would be monitored and periodically evaluated by the Executive Council of AMPS.

69. Our examination of the records related to the 1984 project revealed that no evaluation report had been issued either by UNITAR and AMPS or by the Executive Council of AMPS. We also observed during the audit, that the special purpose grant agreement itself was not specific on a scheduled date for the issuing of an evaluation report.

70. In this regard, in addition to an interim evaluation report dated 7 March 1986 shown to us, the Administration explained that the evaluation report had been delayed because a book entitled Urban Explosions: Chaos or Mastery?, which contains extracts from the research papers presented during the project and which is considered as one of the outputs of the project, was yet to be published in English. The French version was published in November 1985.

71. We were of the view that an evaluation report could provide a documentation of the achievements and problems encountered during the execution of the 1984 project and the relevant background information for the formulation of similar activities in future. Similarly, the provision of a specific target date in the special purpose grant agreement for the issuing of an evaluation report would help to reduce to a minimum the delay in the issuing of it.

Accounting control

72. Our review of existing arrangements for the financial, accounting and monitoring responsibilities regarding special purpose grants project activities and the general fund at the UNITAR office at Geneva and a follow-up at UNITAR headquarters indicated that the officer-in-charge of the Geneva office is responsible for certifying expenditures, whereas the Finance Service of the United Nations Office at Geneva records the charges and transfers them through inter-office vouchers to the Accounts Division of the United Nations Secretariat, New York. The Finance and Administration Section of UNITAR picks up the expenditures from the monthly allotment reports, from which interim and final statements of account are prepared and sent to the donor in case of special purpose grants projects.

73. In this connection, we noted that the certifying officer does not carry out monitoring of the expenditures on a periodic basis and that the Finance and Administration Section of UNITAR does not examine the validity of the transactions. Indeed, we were unable to obtain relevant accounting records at the UNITAR office at Geneva for examination.

74. We therefore recommended that, based on the existing accounting arrangements, the Administration should request for periodic provision of relevant accounting data from the Finance Service at the United Nations Office at Geneva, in order to enable the Administration to carry out an effective examination and monitoring of expenditures. The monitoring function would enable the certifying officer to take remedial and immediate action on any financial and accounting problems at Geneva.

75. The Administration endorsed our recommendation; however, it explained that the control function was not being performed because efforts made by both the office of UNITAR at Geneva and UNITAR headquarters to obtain monthly statements of accounts from the United Nations Office at Geneva proved futile. It also indicated that the observation would be forwarded to the United Nations Office at Geneva for their proposals.

Revenue-producing activities

Award of publications contracts

76. Our review indicated that UNITAR has established policy guidelines for accepting and processing materials for publications of the Institute's project activities. The policy guidelines also provide, inter alia, that formal bids for printing production should be sought with commercial establishments in accordance with United Nations practice. In this connection, we noted that responsibility for the award of publication contracts has been entrusted to the Publications Officer alone; moreover, no written guidelines have been provided on this procedure.

77. With the view to further ensuring consistency and competitiveness in the award of UNITAR's publications, we recommended that:

(a) A committee should be formed to be responsible for the award of publications contracts;

(b) Written guidelines regarding the award of publications contracts should be established.

78. The Administration informed us that three professionals in the Office of the Executive Director were collectively responsible for the award of publication contracts. Nevertheless, in keeping with our recommendation, the Administration would formally appoint a Committee and would also issue written guidelines regarding the award of publication contracts.

Capital assets

Imprest account

79. We observed that a contractual agreement dated 10 December 1964 between the United Nations and an agent for the maintenance of the UNITAR building was revised in March 1980 to include, among other terms, the establishment of an imprest fund of a minimum monthly balance of \$10,000. The operation of the imprest account was, however, terminated by a modification agreement dated 27 October 1982 by reinstating the terms of the original agreement of 10 December 1964 with respect to collection and disbursement of funds.

80. Our review indicated that, contrary to the terms of the agreement, as modified, and without any further modification of it, the operation of an imprest account with the agent was reintroduced in January 1985.

81. With the view to establishing the legality of the operation of the imprest account with the agent, we recommended that the modification agreement should be revised in order to provide for the establishment of an imprest fund.

82. The Administration agreed with our recommendation and assured us that the matter would be taken up with the Accounts Division of the United Nations Secretariat, which is competent on this matter.

Financial management

83. Based on the weaknesses noted in the financial and accounting functions and as indicated in our report for 1984, 1/ we recommended that the Administration should consider reviewing the existing accounting arrangements between UNITAR and the Accounts Division of the United Nations Secretariat to ensure that the functions would be effectively and efficiently co-ordinated and performed.

84. In this regard, the Accounts Division, after a preliminary review, informed us that only minor changes were required in the existing arrangements.

85. Nevertheless, we noted from our follow-up that, in particular, as a result of the extended release of a staff member of the Accounts Division to supplement the accounting staff of UNITAR, considerable improvements in the co-ordination of financial and accounting functions of UNITAR were achieved. Indeed, UNITAR Administration expressed satisfaction with the co-operation that it has received from the United Nations Administration in this regard.

Repayment of travel costs

86. Following our previous observations, the Administration was advised on the need for early settlement of invoices for air tickets to ensure that obligations entered into are duly settled. Our follow-up review showed that more effective action was taken in 1985 regarding liquidation of obligations on travel costs and, as a result, as at 31 December 1985, the total of unliquidated obligations was \$27,294 compared with the corresponding figure of \$81,597 for 1984. Moreover, about \$9,659 of the 1985 figure related to travel authorizations issued in December 1985. We encouraged the Administration to continue its efforts to ensure that invoices on travel costs are promptly obtained and settled.

Technical co-operation activities

87. Our review of the project management system of UNITAR for 1985 indicated that, following our recommendations in our previous report, 1/ the Administration issued guidelines for the management of its field office operations and, as a result, corrective action was taken on most of the deficiencies mentioned in the report.

88. Additionally, among other things, we also observed that the Administration has initiated action on the formalization and documentation of policies and procedures that would provide a good framework for management of UNITAR's project activities.

Financial statements

89. Following our recommendation that the presentation of the financial statements should conform to the categories of current UNITAR budget forecasts, the Administration (United Nations Accounts Division) took appropriate action and provided the relevant categories on the financial statements (statement II) for the year ended 31 December 1985.

1/ Official Records of the General Assembly, Fortieth Session, Supplement No. 5D (A/40/5/Add.4), sect. II.

Rent liability by a former tenant

90. In connection with the rent arrears due by a former tenant of the UNITAR building, we were informed that the Administration had again, requested the General Legal Division of the Office of Legal Affairs of the United Nations Secretariat to advise it on the probability of success of recovery through legal proceedings of the outstanding rent of \$144,026 from the tenant.

91. We learned from our recent follow-up that the General Legal Division had advised against legal proceedings, but it had suggested that a formal meeting should be arranged between the tenant and the UNITAR Administration to discuss the terms of payment.

92. In this respect, we noted that the Administration had made direct contacts with the tenant and, as a result, \$5,000 of the indebtedness was paid in March 1986 and a further payment of \$10,000 had also been announced.

93. In the circumstances, the Administration indicated its intention to pursue attempts to obtain further payments on the balance of the outstanding rent.

Acknowledgement

94. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Executive Director, his officers and members of their staff.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court
of Accounts of Belgium

(Signed) Teofisto T. GUINGONA, Jr.
Chairman, Commission on Audit,
the Philippines

III. OBSERVATIONS OF THE EXECUTIVE DIRECTOR OF UNITAR ON THE
COMMENTS AND RECOMMENDATIONS OF THE BOARD OF AUDITORS

1. The report of the Board of Auditors is reproduced in section II above. The observations of the Executive Director of UNITAR on the points raised by the Auditors are given below and are intended to supplement the views of the Administration, as already contained in the report of the Board of Auditors. For convenience of reference, the paragraph numbers of the report of the Board of Auditors are shown between parentheses in the text.

Year ended 31 December 1984

2. Follow-up action has been taken on the recommendations made by the Board of Auditors in its report on the accounts of UNITAR for the year ended 31 December 1984. 1/ A further improvement in the budget structure and presentation was introduced, ensuring budgetary control over costs and resources, thus resulting in an excess of income over expenditure. Non-convertible currencies were utilized to the maximum extent possible, resulting in a drastic reduction of account balances.

Year ended 31 December 1985

3. The present report also contains observations made by the Board of Auditors (see sect. II above), mainly in relation to UNITAR programme activities. The following comments by the Executive Director are in addition to those already reflected in the report:

(a) The report of the Board of Auditors for the year ended 31 December 1984 acknowledges that improvements in the project management system of the Institute have been made;

(b) In some cases (in actually 4 out of a total of 55 projects) improvements were recommended. The Administration has accepted most of these recommendations and will take appropriate action;

(c) One project (audit, paras. 23-26) was criticized by the Board of Auditors for having received contributions from the General Fund of the Institute. While the funding of a special purpose grant project should normally be assured without the use of the General Fund of the Institute, the Board of Trustees of UNITAR has not ruled out such a possibility in certain cases.

Acknowledgement

4. The Executive Director would like to express to the Board of Auditors and its staff the appreciation of the Institute for the thorough examination of the UNITAR programme activities and for the constructive comments and recommendations made thereon.

1/ Official Records of the General Assembly, Fortieth Session, Supplement No. 5D (A/40/5/Add.4), sect. II.

IV. AUDIT OPINION

We have examined the following appended financial statements, numbered I to V, properly identified, and relevant schedules of the United Nations Institute for Training and Research for the financial period ended 31 December 1985. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended. The financial statements were prepared in accordance with the stated accounting principles, which were applied on a basis consistent with that of the preceding financial period and the transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) A. DEFOY
Senior President of the Court
of Accounts of Belgium

(Signed) Teofisto T. GUINGONA, Jr.
Chairman, Commission on Audit,
the Philippines

V. CERTIFICATION OF THE FINANCIAL STATEMENTS

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to V, are correct.

(Signed) J. Richard FORAN
Controller

18 April 1986

VI. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1985

STATEMENT I

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Status of appropriations for the year ended 31 December 1985
(United States dollars)

Budget chapter		Appropriations			Expenditure			Unobligated balance
		<u>Original</u>	<u>Supplementary a/</u>	<u>Revised</u>	<u>Disbursements</u>	<u>Unliquidated obligations</u>	<u>Total</u>	
I.	Board of Trustees	70 000	8 000	78 000	58 757	17 635	76 392	1 608
II.	Office of the Executive Director (OED)	349 000	25 000	374 000	363 488	1 110	364 598	9 402
III.	OED - Publications and Information Unit	51 000	60 000	111 000	79 976	1 000	80 976	30 024
IV.	OED - External Co-ordination and Board of Trustees Secretariat	129 000	-	129 000	117 116	130	117 246	11 754
V.	OED - Finance and Administration	330 000	(33 000)	297 000	288 684	3 316	292 000	5 000
VI.	Division of Training	520 955	34 000	554 955	497 891	2 757	500 648	54 307
VII.	Division of Research	172 000	110 000	282 000	248 219	5 711	253 930	28 070
VIII.	UNITAR European Office, Geneva	190 000	-	190 000	132 017	1 347	133 364	56 636
IX.	Operational Costs	<u>622 000</u>	<u>(3 000)</u>	<u>619 000</u>	<u>578 118</u>	<u>10 093</u>	<u>588 211</u>	<u>30 789</u>
	Total	<u>2 433 955</u>	<u>201 000</u>	<u>2 634 955</u>	<u>2 364 266</u>	<u>43 099</u>	<u>2 407 365</u>	<u>227 590</u>

a/ Adjustments made with the approval of the Board of Trustees.

STATEMENT II

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Statement of income and expenditure for the year ended 31 December 1985
(United States dollars)

	<u>1985</u>	<u>1984</u>
<u>Income</u>		
Government contributions	1 698 871	1 990 166
Subvention from the United Nations	600 000 a/	-
Income from programme support costs	102 767	137 402
Interest income	4 927	32 096
Rental income	47 414	94 055 b/
Miscellaneous income	28 251	50 111
Refund of prior year's expenditure	20 843	16 971
Sale of publications	143	177
Royalty	4 125	3 586
Savings in liquidation of prior year's obligations	3 380	88 281
Total income	<u>2 510 721</u>	<u>2 412 845</u>
<u>Expenditure</u>		
Salaries and common staff costs	1 508 512	1 424 316
Outside expertise	108 268	85 890
Security services	25 695	51 211
Staff travel	46 273	68 786 c/
Travel of participants	2 355	6 894 c/
External audit	13 836	13 836
Fund raising	30 612	24 412
Panel and conferences	2 581	-
Regular and special sessions of the Board of Trustees	73 606	53 478
Meetings of Financial and Publications Committees of the Board of Trustees	-	58 437
Supplies and materials	10 167	18 513
Furniture and equipment	57 077	18 480
Library books, documents, periodicals	2 228	1 321
Documentation and publications	5 742	19 875
Communications	121 406	120 682
Premises	300 195	244 968
Subsidies for special projects	36 124	23 681
Public relations and hospitality	20 875	9 266
Miscellaneous expenses	21 903	43 043
Loss on exchange	19 910 d/	58 051
Total expenditure (statement I)	<u>2 407 365</u>	<u>2 345 140</u>
Excess of income over expenditure for the above period	103 356	67 705
<u>Less: Adjustments for prior period</u>	<u>-</u>	<u>(51 250)</u>
<u>Net excess of income over expenditure (statement III)</u>	<u>103 356</u>	<u>16 455</u>

a/ This amount represents an advance against the grant of up to \$1.5 million approved by General Assembly resolution 39/177 of 17 December 1984 to supplement the funds raised through voluntary contributions for the UNITAR General Fund.

b/ Includes \$62,421 uncollected from a former tenant.

c/ Comparative figures amended to conform to current presentation.

d/ Comprises \$18,692 loss on pledged contributions (schedule 3.1) and \$1,218 loss on other transactions.

STATEMENT III

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Statement of assets and liabilities as at 31 December 1985
(United States dollars)

	<u>1985</u>	<u>1984</u>
<u>Assets</u>		
Cash	143 028	62 169
Pledged contributions unpaid (schedule 3.1)	1 318 697	1 573 144
Accounts receivable	316 943	332 855
Deferred charges	33 958	22 100
Total assets	<u>1 812 626</u>	<u>1 990 268</u>
<u>Liabilities</u>		
Accounts payable	75 801 <u>a/</u>	35 766 <u>a/</u>
Unliquidated obligations (statement I)	43 099	81 133
Due to United Nations General Fund	726 978	338 775
Advance from United Nations General Fund	886 000 <u>b/</u>	886 000 <u>b/</u>
Deferred income	655 055	1 326 257
Total liabilities	<u>2 386 933</u>	<u>2 667 931</u>
<u>Fund balance</u>		
Balance available as at 1 January 1985	(677 663)	(694 118)
Add: Net excess of income over expenditure (statement II)	103 356	16 455
Balance available as at 31 December 1985	<u>(574 307)</u>	<u>(677 663)</u>
Total liabilities and fund balance	<u>1 812 626</u>	<u>1 990 268</u>

a/ Excludes contingent liability for the payment of pension fund contributions of approximately \$280 000 for former UNITAR holders of letters of award who have applied for retroactive participation in the United Nations Joint Staff Pension Fund.

b/ This advance was approved by General Assembly resolution 38/177 of 19 December 1983 to cover the deficit in the Institute's budget for 1983. Repayment will begin after a grace period not exceeding two years from that date.

SCHEDULE 3.1

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Schedule of pledged contributions unpaid as at 31 December 1985

(United States dollars)

<u>Countries/Trust funds</u>	<u>Unpaid pledges as at 1 January 1985</u>	<u>Add: Pledges for 1985 and adjustments of prior pledges</u>	<u>Add: Pledges for future years</u>	<u>Less: Collections during 1985</u>	<u>Less: Loss (gain) on exchange</u>	<u>Unpaid pledges as at 31 December 1985</u>
Algeria	515	10 000	-	10 000	-	515
Argentina	20 000	-	20 000	20 000	-	20 000
Austria	-	23 256	28 249	21 730	1 526	28 249
Bahamas	-	1 000	-	1 000	-	-
Bangladesh	-	2 000	-	-	-	2 000
Barbados	250	250	-	250	-	250
Burundi	2 233	-	877	2 500	327	283
Cameroon	17 048	21 277	26 110	32 098	2 193	30 144
Canada	-	65 694	-	65 694	-	-
Chile	-	5 000	5 000	5 000	-	5 000
China	-	20 000	20 000	-	-	40 000
Congo	10 000	5 000	-	-	-	15 000
Côte d'Ivoire	20 000	8 568	-	28 568	-	-
Cuba	-	3 000	-	-	-	3 000
Democratic Yemen	1 150	1 400	1 540	-	-	4 090
Denmark	-	40 909	-	37 583	3 326	-
Egypt	-	6 000	6 000	6 000	-	6 000
Finland	-	72 993	110 092	77 255	(4 262)	110 092
France	12 373	25 728	39 216	37 765	336	39 216
Germany, Federal Republic of	-	192 307	-	171 245	21 062	-
Greece	-	5 000	5 000	5 000	-	5 000
Guinea	-	1 000	-	1 000	-	-
Hungary	4 538	(4 538) a/	4 330	-	-	4 330
India	-	25 000	25 000	-	-	50 000
Indonesia	-	14 000	4 000	10 000	-	8 000
Iran, Islamic Republic of	-	10 000	10 000	10 000	-	10 000
Iraq	15 000	-	-	-	-	15 000
Ireland	-	11 213	-	11 127	86	-
Israel	-	4 000	4 000	4 000	-	4 000
Italy	-	52 632	75 802	57 984	(5 352)	75 802
Jamaica	-	2 000	-	2 000	-	-
Japan	-	100 000	-	100 000	-	-
Kenya	1 185	-	982	-	204	1 963
Kuwait	-	20 000	20 000	20 000	-	20 000
Libyan Arab Jamahiriya	-	50 000	-	50 000	-	-
Luxembourg	-	1 639	2 549	1 478	161	2 549
Malawi	-	1 007	936	930	77	936
Mali	-	500	-	-	-	500
Malta	-	545	-	545	-	-
Netherlands	-	43 453	-	43 453	-	-
New Zealand	-	4 253	-	4 253	-	-
Nigeria	-	13 055	10 000	12 111	944	10 000

SCFEDULF 3.1 (concluded)

<u>Countries/Trust funds</u>	<u>Unpaid pledges as at 1 January 1985</u>	<u>Add: Pledges for 1985 and adjustments of prior pledges</u>	<u>Add: pledges for future years</u>	<u>Less: Collections during 1985</u>	<u>Less: Loss (gain) on exchange</u>	<u>Unpaid pledges as at 31 December 1985</u>
Norway	-	112 994	132 450	108 950	4 044	132 450
Oman	-	10 000	10 000	10 000	-	10 000
Pakistan	10 000	10 000	15 000	10 000	-	25 000
Philippines	10 000	1 000	10 000	1 000	-	20 000
Qatar	-	10 000	-	10 000	-	-
Republic of Korea	-	10 000	9 333	10 000	-	9 333
Saudi Arabia	-	50 000	-	50 000	-	-
Senegal	-	-	3 000	-	-	3 000
Spain	80 000	23 542	32 258	23 542	-	112 258
Sweden	-	91 429	-	101 336	(9 907)	-
Switzerland	-	64 800	-	60 845	3 955	-
Trinidad and Tobago	-	-	2 778	-	-	2 778
Tunisia	-	1 960	2 342	-	(28)	4 330
Uganda	-	5 000	-	-	-	5 000
United Republic of Tanzania	(3 405)	3 405	3 582	3 582	-	-
United States of America	-	422 000	-	-	-	422 000
Venezuela	-	17 200	8 629	17 200	-	8 629
Yemen	-	1 400	-	1 400	-	-
Yugoslavia	5 000	5 000	5 000	5 000	-	10 000
Zaire	41 000	-	1 000	-	-	42 000
Total	246 887 b/	1 698 871	655 055	1 263 424	18 692	1 318 697

a/ Reclassification of 1984 pledge as Special Purpose Grant.

b/ Represents total unpaid pledges of \$1,573,144 at 31 December 1984, less \$1,326,257 future years' pledges unpaid at that date.

STATEMENT IV

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - CAPITAL ASSETS FUND

Statement of assets and fund balance as at 31 December 1985
(United States dollars)

	<u>1985</u>	<u>1984</u>
<u>Assets</u>		
Capital assets		
Leasehold and building	<u>465 000</u>	<u>465 000</u>
Total capital assets	<u>465 000</u>	<u>465 000</u>
<u>Fund balance</u>		
Donated funds	<u>465 000</u>	<u>465 000</u>
Total fund balance	<u>465 000</u>	<u>465 000</u>

Notes: The leasehold and building shown at \$465,000 represents the amount paid for the leasehold, located at 805 First Avenue, United Nations Plaza, New York, at the time of its assignment to the United Nations. Of this, \$450,000 was donated to the United Nations by a foundation for use by the Institute. This leasehold will expire in the year 2035.

STATEMENT V

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH
SPECIAL PURPOSE GRANTS FUNDI. Statement of income and expenditure for the year ended
31 December 1985

(United States dollars)

	<u>1985</u>	<u>1984</u>
<u>Income</u>		
Grants (Schedule 5.1)	1 901 973	1 592 391
Interest income	67 116	52 490
Savings in liquidation of prior year's obligations	57 292	111 701
Miscellaneous income	21 977	16 644
Exchange gain (net)	<u>29 260 a/</u>	<u>-</u>
Total income	<u>2 077 618</u>	<u>1 773 226</u>
<u>Expenditure</u>		
Salaries and common staff costs	829 963	689 747
Staff travel	90 024	277 509
Outside expertise	369 813	430 778
Panels and conferences	2 971	-
Participants travel	437 574	- b/
Documentation and publications	30 128	34 206
Communications	31 612	29 265
Premises	43 150	23 718
Miscellaneous expenses	55 596	82 180
Loss on exchange	<u>-</u>	<u>90 769</u>
Subtotal	1 890 831	1 658 172
Programme support costs	<u>100 799 c/</u>	<u>137 402</u>
Total expenditure	<u>1 991 630</u>	<u>1 795 574</u>
<u>Excess of income over expenditure</u>	<u>85 988</u>	<u>(22 348)</u>

a/ Includes loss on exchange of \$21,569 and gain on exchange of \$50,829.

b/ Included in staff travel.

c/ Programme support income from special purpose grants of \$100,799 plus \$20,073 from UNDP totalling \$120,872 recorded in General Fund - \$102,767 under income and \$18,105 included with Accounts Payable being income applicable to 1986.

STATEMENT V (concluded)

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH
SPECIAL PURPOSE GRANTS FUNDII. Statement of assets and liabilities as at 31 December 1985
(United States dollars)

	<u>1985</u>	<u>1984</u>
<u>Assets</u>		
Cash	931 259	786 765
Cash (non-convertible currencies)	530 721	728 374
Accounts receivable	502 927	307 079
Due from United Nations General Fund	67 542	-
Deferred charges	<u>83 814</u>	<u>62 294</u>
Total assets	<u>2 116 263</u>	<u>1 884 512</u>
<u>Liabilities</u>		
Accounts payable	9 251	7 084
Unliquidated obligations	500 807	174 498
Due to United Nations General Fund	<u>-</u>	<u>182 713</u>
Total liabilities	<u>510 058</u>	<u>364 295</u>
<u>Fund balance</u>		
Balance available as at 1 January 1985	1 520 217	1 542 565
Add: Excess of income over expenditure	<u>85 988</u>	<u>(22 348)</u>
Balance available as at 31 December 1985	<u>1 606 205</u>	<u>1 520 217</u>
Total liabilities and fund balance	<u>2 116 263</u>	<u>1 884 512</u>

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH
SPECIAL PURPOSE GRANTS FUND

Statement of income and expenditure and fund balance for the year ended 31 December 1985
(United States dollars)

Projects	Fund balance 1 January 1985	Income from grants	Other income and adjust- ments a/	Funds available	Disbursements	Expenditure		Fund balance 31 December 1985
						Unliquidated obligations	Total	
A. Convertible currencies								
Regional and interregional co-operation in the 1980s								
India	2 196	-	2 669	4 865	2 260	-	2 260	2 605
Italy	16 822	-	20 445	37 267	17 310	-	17 310	19 957
Japan	2 188	-	2 659	4 847	2 251	-	2 251	2 596
Kuwait	2 401	-	2 918	5 319	2 471	-	2 471	2 848
Organization of American States	549	-	667	1 216	565	-	565	651
Spain	900	-	1 094	1 994	926	-	926	1 068
Subtotal	25 056	-	30 452	55 508	25 783	-	25 783	29 725
Strategies for the Future of Asia Netherlands	22 527	(571) b/	3 739	25 695	13 265	3 171	16 436	9 259
Strategy for the Future of Africa Sweden - SARAC	67 754	165 590	17 884	251 228	252 789	956	253 745	(2 517)
Establishment of Centre for Simultaneous Interpretation Libyan Arab Jamahiriya	3 088	-	274	3 362	-	-	-	3 362
Establishment of a Diplomatic Institute in Saudi Arabia Saudi Arabia	(46 857)	282 486	30 437	266 066	146 725	16 771	163 496	102 570
The Evolution of the Liability of States for Damages Caused through Scientific and Technological Innovations Federal Republic of Germany - Volkswagen Foundation	15 103	-	977	16 080	7 791	5 026	12 817	3 263
Assistance to the Diplomatic Institute in Tripoli Libyan Arab Jamahiriya	42 253	-	3 303	45 556	5 538	2 199	7 737	37 819

SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1985	Income from grants	Other income and adjust- ments a/	Funds available	Expenditure			Fund balance 31 December 1985
					Disbursements	Unliquidated obligations	Total	
Fast-growing Tree Species for Fuelwood Products in Asia United Nations Trust Fund for Research Regional Co-operation in Asia and in New and Renewable Energy Resources	21 787	-	1 569	23 356	31	-	31	23 325
United Nations Multilateral Conventions United Kingdom	11 690	(11 912) c/	222	-	-	-	-	-
United Nations Covenant on Economic, Social and Cultural Rights Ford Foundation	7 018	58 500	634	66 152	67 996	16 889	84 885	(18 733)
UNITAR General Fund	4 190	-	-	4 190	-	-	-	4 190
UNITAR/UNDP Information Centre for Heavy Crude and Tar Sands	-	270 704	-	270 704	269 617	1 087	270 704	-
Second Conference on Heavy Crudes and Tar Sands Venezuela	(60 690)	-	-	(60 690)	-	-	-	(60 690)
Cost of Junior Professional Officer, Ms. Petree Morgenthairi Federal Republic of Germany	14 350	(14 350) d/	-	-	-	-	-	-
Conference on Shallow Oil and Gas - David Lenevsky Various donors	(32 360)	37 656	(279)	5 017	5 297	-	5 297	(280)
Junior Professional Officer, Ms. Matten Meitzel Federal Republic of Germany	56 220	-	4 578	60 798	32 450	-	32 450	28 348
Centre on Small Energy Resources Italy	159 357	424 455	32 212	616 024	209 193	10 386	219 579	396 445
Swiss-UNITAR Seminar - Botswana	22 150	-	2 680	24 830	188	-	188	24 642
Swiss-UNITAR Seminar - Rwanda	14 873	-	(112)	14 761	9 462	-	9 462	5 299
Training Programme for Gabonese Foreign Service	-	-	324	324	-	-	-	324
Regional Symposium in English and French on the Modernization of Public Administration in Africa Canada	102 896	-	9 097	111 993	50 056	3 939	53 995	57 998

SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1985	Income from grants	Other income and adjust- ments a/	Funds available	Expenditure			Fund balance 31 December 1985
					Disbursements	Unliquidated obligations	Total	
Diplomatic Training Programme for Government Officials of the Ministry of Foreign Affairs Guinea-Bissau	-	18 000	56	18 056	14 321	3 081	17 402	654
Seminar on President Truman and United Nations	-	-	2 212	2 212	-	-	-	2 212
Training Programme in Basic Diplomacy United Nations Nationhood Programme for Namibia	8 601	(8 944) d/	4 283	3 940	-	-	-	3 940
Training Publication Project World Bank	6 079	-	1 438	7 517	-	-	-	7 517
World Social Prospects Association	91 229	31 800	(5 238)	117 791	44 952	-	44 952	72 839
Training Programme on Reporting under Human Rights Conventions Ford Foundation	-	141 000	2 477	143 477	65 955	62	66 017	77 460
Strategies for the Future of Latin America Spain	37 010	-	2 713	39 723	15 318	258	15 576	24 147
Training Seminar for Latin American Diplomats on Marine Pollution through Radio Active Waste Spain	37 010	(23 541) c/	1 047	14 516	11 468	-	11 468	3 048
Joint UNITAR/Institut international d'administration publique (IIAP) Training Course for Junior Diplomats of French-speaking African Countries UNDP	-	24 200	-	24 200	21 017	2 433	23 450	750
Junior Professional Officer, Mr. Schlashter Federal Republic of Germany	-	54 551	1 141	55 692	20 124	800	20 924	34 768
Latin American Population Information Network Italy	-	49 440	491	49 931	29 887	1 203	31 090	18 841
Junior Professional Officer at Geneva, Ms. Mussing Federal Republic of Germany	-	25 600	421	26 021	16 748	4 059	20 807	5 214

SCHEDULE 5.1 (concluded)

<u>Projects</u>	<u>Fund balance 1 January 1985</u>	<u>Income from grants</u>	<u>Other income and adjust- ments a/</u>	<u>Funds available</u>	<u>Expenditure</u>			<u>Fund balance 31 December 1985</u>
					<u>Disbursements</u>	<u>Unliquidated obligations</u>	<u>Total</u>	
Diplomacy Training Course for Senior Officials from Namibia	-	112 541	1 233	113 774	65 330	54 511	119 841	(6 067)
Pilot Seminars on Foreign Policy and Planning for Senior Policy Advisers of African Governments Switzerland	-	131 644	-	131 644	-	-	-	131 644
New Realities for Economic Policies in Africa: Public Versus Private Sector	-	15 000	55	15 055	12 146	730	12 876	2 179
Training Programme for Nigerian Government Officials 25 October-1 November 1985	-	4 746	-	4 746	4 746	-	4 746	-
Interest income	244	-	(244)	-	-	-	-	-
Special account for completed projects	576	571	-	1 147	-	-	-	1 147
Total convertible currencies	631 154	1 789 166	150 076	2 570 396	1 418 193	127 561	1 545 754	1 024 642
B. <u>Non-convertible currencies</u>								
Fund for Training and Research								
China	20 202	-	(7 087)	13 115	-	-	-	13 115
Hungary	13 001	4 112	447	17 560	-	-	-	17 560
Union of Soviet Socialist Republics	849 350	108 695	32 049	990 094	72 630	373 246	445 876	544 218
Fund for Scholarship								
Romania	6 510	-	160	6 670	-	-	-	6 670
Total non-convertible currencies	889 063	112 807	25 569	1 027 439	72 630	373 246	445 876	581 563
Total convertible and non- convertible currencies	1 520 217	1 901 973	175 645	3 597 835	1 490 823	500 807	1 991 630	1 606 205

a/ Comprises interest income, savings in liquidation of prior year's obligations, miscellaneous income and net exchange gain.

b/ Transfer to cover deficit in completed project.

c/ Transfer to General Fund on completion of projects.

d/ Transfer of balance to other projects.

ANNEX

Notes to the financial statements

Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the United Nations Institute for Training and Research accounts are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller and in conformity with generally accepted government accounting principles. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

- (i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
- (ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;
- (iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;
- (iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;
- (v) Financial statements should show corresponding figures for the preceding period;
- (vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(d) The financial period of the Institute consists of one calendar year.

(e) The income and expenditure and assets and liabilities are recognized on the accrual basis of accounting.

(f) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(g) Pledged contributions. Pledges are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. Pledges received for future years are recorded as deferred income.

(h) Investments. Funds on deposit in interest-bearing bank accounts and call accounts are shown in the statements of assets and liabilities as cash.

(i) Deferred charges:

(i) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial period;

(ii) For balance-sheet statement purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(j) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(k) Capital assets. The assets shown in the statement of assets and liabilities of the Institute's Capital Assets Fund include the cost of a leasehold agreement. No amortization of the leasehold is provided for. Maintenance and repairs of the UNITAR building are charged against the appropriate budgetary accounts.

(l) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations staff rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred whether liquidated or unliquidated.

(m) Miscellaneous income:

- (i) The net income realized from the revenue-producing activities is reported as miscellaneous income;
- (ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;
- (iii) Monies accepted in respect of which no purpose is specified have been treated as miscellaneous income;
- (iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the budgetary account. If there is a net gain, this is credited to miscellaneous income;
- (v) The proceeds from the sale of surplus property are credited to miscellaneous income of the respective funds.

(n) Special accounts for programme support costs:

- (i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical co-operation, administrative and substantive activities. The reimbursement is calculated as a percentage of the programme resources expended;
- (ii) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as for the programme budget;
- (iii) As UNITAR is specifically excluded from the provisions of ST/SGB/188, programme support income and expenditure have been incorporated in the Statement of Income and Expenditure of the UNITAR General Fund.

(o) The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(p) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(q) The obligations incurred for the Special Purpose Grants Fund are accounted for on a project basis; therefore, commitments are recorded for the life of each project.

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