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FINANCIAL REPORTS AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 1969 AND REPORTS OF THE BOARD OF AUDITORS

Report of the Advisory Committee on Administrative and Budgetary  
Questions to the General Assembly at its twenty-fifth session

A. United Nations

1. The Advisory Committee on Administrative and Budgetary Questions has examined the financial reports and accounts for 1969, and the related reports of the Board of Auditors, in respect of (a) the United Nations and its trust funds and special accounts; (b) the United Nations regular programme of technical assistance and the United Nations and the United Nations Industrial Development Organization as participating and executing agencies for the United Nations Development Programme (Technical Assistance); (c) the United Nations and the United Nations Industrial Development Organization as participating and executing agencies for the United Nations Development Programme (Special Fund); (d) the Special Account of the United Nations Emergency Force; and (e) the Ad Hoc Account for the United Nations Operation in the Congo.<sup>1/</sup>

2. The Advisory Committee had the benefit of a discussion with the Board of Auditors on matters raised in its reports to the General Assembly and in its memorandum to the Committee. It noted the procedure followed by the Board, as outlined in paragraphs 7, 8 and 9 of its report,<sup>2/</sup> for the transmittal of individual

1/ Official Records of the General Assembly, Twenty-fifth Session,  
Supplement No. 7 (A/8007).

2/ Ibid., chapter II.

reports containing its detailed findings and recommendations to the Secretary-General and the other executive heads concerned. At the same time, the Board, as in the past, has submitted to the Assembly a summary of its major findings and recommendations.

3. The Advisory Committee noted from paragraph 14 of the Board's report that, at the end of 1969, advances from the Working Capital Fund amounted to \$40,064,000, equal to the entire level of the Fund as constituted under General Assembly resolutions 2484 (XXIII) and 2472 (XXIII).

4. In paragraph 16, the Board reports that fifteen banks did not confirm to it the year-end balances of their United Nations accounts; the Advisory Committee was informed that in order to minimize such omissions, which have occurred consistently in past years, the Board has suggested that standing orders be issued to banks to confirm their balances by a set date; the Advisory Committee commends this suggestion to the Secretary-General.

5. The Advisory Committee notes that, in paragraph 18 of its report, the Board has estimated that in 1969 the United Nations lost \$400,000 in potential interest income because certain surplus funds in trust funds and special accounts were maintained in low-yielding rather than higher-yielding accounts. This is a sizeable amount and the Committee trusts that the Board's suggestions for increasing interest income will be followed up by the Secretary-General.

6. The Advisory Committee calls to the attention of the Administrator of UNDP the comments of the Board in paragraphs 25 to 27 of its report on the United Nations as an executing agency of UNDP (Special Fund).

7. In paragraphs 28 to 31, 35 and 36 of its report, the Board recalls previous recommendations to the effect that the United Nations Office at Geneva and the United Nations Conference on Trade and Development (UNCTAD) produce periodic financial statements as an aid to management. The Advisory Committee has been informed that, in the view of the Board, significant advantages would result from such a practice, at little or no cost; it hopes that the Secretary-General will find it possible at an early date to study the recommendation and to conclude what statements would be needed for management purposes. The Committee notes that similar recommendations addressed to UNIDO have largely been implemented (paragraphs 39 to 42 of the Board's report).

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8. In 1969, the Board of Auditors carried out a management audit of UNIDO and addressed a number of comments and recommendations to the Executive Director; in the past year, it has followed these up and examined certain new areas, and its latest recommendations are summarized in paragraph 49 of its report. The Advisory Committee notes that comments and recommendations of the Board are being studied by an internal team set up by the Executive Director.

9. The Advisory Committee is pleased to note from paragraph 56 of the Board's report that some utilization was made in 1969 of a balance in local currency in the Ad Hoc Account for the United Nations Operation in the Congo.

B. United Nations Development Programme

10. The Advisory Committee has examined the financial reports and accounts submitted by the Administrator of UNDP and the relevant report of the Board of Auditors. Four statements with supporting schedules were provided: (a) the United Nations Development Programme account; (b) the United Nations Development Programme administrative budget of the secretariat; (c) the United Nations Development Programme Revolving Fund; and (d) the United Nations Development Programme: projects financed from technical assistance contingency allocations and executed by the Administrator.<sup>3/</sup> For the first time, the United Nations Development Programme (Technical Assistance) account and the United Nations Development Programme (Special Fund) account, which previously were submitted separately, have been consolidated under statement (a). The Advisory Committee notes from paragraphs 2 and 3 of the Board's report<sup>4/</sup> that amendments may have to be made to the Financial Regulations and Rules of UNDP to reflect changes in the Programme's administrative procedures which are being put into effect.

11. In paragraphs 5 to 14 of its report, the Board has commented on non-operational UNDP Special Fund projects, on implementation difficulties and on cancelled projects; the Advisory Committee trusts that the Administrator will give full attention to the factors which the Board has singled out.

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<sup>3/</sup> Ibid., Supplement No. 7A (A/8007/Add.1).

<sup>4/</sup> Ibid., chapter II.

12. In paragraph 19 of its report the Board has estimated that investment income of the United Nations Development Programme in 1969 would have been about \$400,000 higher had it been possible to make better projections of monthly expenditures and thus invest on short term basis more advantageously funds which were tied up in non-interest-bearing current accounts, low-yielding savings accounts and repurchase agreements. Despite the difficulties faced by the Administrator and the United Nations Controller in projecting expenditure, the Advisory Committee believes that the Board's comments are timely and trusts that they will be followed up.

C. United Nations Children's Fund

13. The Advisory Committee has examined the financial reports and accounts and the related reports of the Board of Auditors with regard to (a) the United Nations Children's Fund for the year ended 31 December 1969, and (b) the UNICEF Greeting Card Fund for the year ended 30 April 1969 (the "campaign year").<sup>5/</sup>

14. The Advisory Committee inquired into the recommendation contained in paragraph 4 of the Board's report on UNICEF.<sup>6/</sup> It was informed that national committees have been retaining proceeds from campaigns as a form of working capital, and that under the Board's recommendation UNICEF would set a limit on the amounts that could be retained and require that the balance be forwarded at regular intervals to UNICEF headquarters.

15. The Committee has noted the major recommendations of the Board arising from its special management audits of UNICEF's Headquarters Supply Division and the Greeting Card Operations.

D. United Nations Relief and Works Agency for Palestine Refugees in  
the Near East

16. The Advisory Committee has reviewed the financial reports and accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 31 December 1969, and the related report of the Board of Auditors.<sup>7/</sup>

<sup>5/</sup> Ibid., Supplement No. 7B (A/8007/Add.2).

<sup>6/</sup> Ibid., part one, section B.

<sup>7/</sup> Ibid., Supplement No. 7C (A/8007/Add.3).

17. In paragraph 3 of its report,<sup>8/</sup> the Board observes that in 1969 UNRWA sustained a deficit of \$3,860,299, which was met from the working capital; this result followed a deficit of almost \$2.9 million in 1968. The Board recalls the concern it expressed in 1969 at the steady depletion of the Agency's working capital, adding that the gravity of the present situation calls for "urgent and effective amelioration". The Advisory Committee notes that the attention of Member States has been called to the financial situation of UNRWA, and to its possible effects on the services which the Agency can perform; it hopes that the appeals for financial assistance which have been made will find support.
18. As reported by the Board, Agency losses during 1969 amounted to \$139,033, compared with \$104,349 in 1968. The Committee understands that some exceptional losses were sustained as a result of external factors beyond the Commissioner-General's control.
19. The Advisory Committee has noted the Board's comments on UNRWA's computer installation in paragraphs 6 to 8 of its report. The Advisory Committee was informed that negotiations are continuing between the Agency and the company concerned, and it trusts that a satisfactory settlement will be reached.
20. The Advisory Committee has been informed that, with the co-operation of the Lebanese authorities, about 70 per cent of the cash loss referred to in paragraph 9 of the Board's report has since been recovered.

E. United Nations Institute for Training and Research

21. The Advisory Committee has considered the financial report and accounts of the United Nations Institute for Training and Research for the year ended 31 December 1969, and the related report of the Board of Auditors.<sup>9/</sup>
22. The financial report shows that total income available to UNITAR during 1969 amounted to \$2,181,310, including \$769,734 carried forward from 1968. Obligations of \$1,202,615 were incurred (compared with \$1,095,560 in 1968), leaving a balance of income of \$978,695 available at 31 December 1969 for carry-over to 1970.

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<sup>8/</sup> Ibid. , Section B.

<sup>9/</sup> Ibid. , Supplement No. 7D (A/8007/Add.4).

23. The Advisory Committee calls attention to the recommendations of the Board, in paragraph 3 of its report,<sup>10/</sup> arising from a study of the Institute's administrative practices. The Committee was informed that the recommendations have been discussed with the Executive Director and that some progress has been made towards their implementation.

F. Voluntary funds administered by the United Nations  
High Commissioner for Refugees

24. The Advisory Committee has examined the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1969, along with the related report of the Board of Auditors.<sup>11/</sup>

25. According to Statement II of the accounts, total funds available to the Programme amounted to \$9,406,729 (including total income of \$8,209,545). Total expenditure amounted to \$8,685,437, leaving a year-end balance of \$721,292 (as against \$1,197,184) on the first of the year.

26. The Advisory Committee inquired into the situation arising from agreements between the High Commissioner and the Government of Greece for the construction of accommodation for refugees, a subject dealt with in paragraphs 8 to 11 of the Board's report.<sup>12/</sup> It was informed that, in accordance with recommendations of the Board, the High Commissioner had in 1969 initiated action to strengthen procedures for the collection of loan repayments.

G. Management audit

27. The Advisory Committee notes that, in the course of its audits, the Board of Auditors carried out a degree of management audit of four agencies: UNIDO, UNICEF (including its Greeting Card Operations), UNITAR and voluntary funds administered by the United Nations High Commissioner for Refugees. As in the case of its regular audit, the Board transmitted its findings and recommendations to the Secretary-General and the other executive heads concerned.

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<sup>10/</sup> Ibid., section II.

<sup>11/</sup> Ibid., Supplement No. 7E (A/8007/Add.5).

<sup>12/</sup> Ibid., section B.