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FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS: UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST, FOR THE FINANCIAL YEAR ENDED 30 JUNE 1956

Twenty-sixth report of the Advisory Committee on Administrative and Budgetary Questions to the eleventh session of the General Assembly

1. The Advisory Committee on Administrative and Budgetary Questions has examined the report of the Board of Auditors on the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the year ended 30 June 1956 (A/3211)^{1/}.
2. The statement of income and expenditure for the year under review (A/3211, statement I) shows the following position:

	<u>Dollars (US)</u>
<u>Income</u>	
Cash contributions	20,255,702
Contributions in kind	3,591,395
TOTAL CONTRIBUTIONS . . .	23,847,097
Miscellaneous income	356,386
	24,203,483
Add: exchange adjustments	14,658
TOTAL INCOME . . .	24,218,141
<u>Expenditure</u>	
Relief programme.	23,419,648
Rehabilitation programme.	8,778,902
TOTAL EXPENDITURE	32,198,550
EXCESS OF EXPENDITURE OVER INCOME	7,980,409

1/ Official Records of the General Assembly, Eleventh Session, Supplement No. 6B.

3. The excess expenditure of \$7,980,409 was met out of the balance of resources available as at 30 June 1955, \$35,372,737. The latter amount was subsequently reduced by an adjustment (\$164,814) applicable to previous years, with the result that the financial resources available to the Agency amounted at 30 June 1956 to \$27,227,514.
4. In reporting in 1955 (A/3021)^{2/} on the accounts of the Agency for the year ended 30 June 1955, the Advisory Committee commented on the inadequacy and limited coverage of the Agency's internal audit and the arrears that had accumulated in this work. Paragraph 5 of the audit report now under review (A/3211, p. 17) indicates that the internal audit, which was virtually abandoned in 1954-1955, has been resumed at all field offices of the Agency.
5. Reference should be made to two matters which the Board of Auditors has raised in a separate memorandum to the Committee. The first of these concerns the Agency's present practice, in respect of travel on home leave and on repatriation, of making cash payments equivalent to standard transportation costs (and related allowances) on production of satisfactory evidence that the staff member has spent at least two weeks in the country of entitlement or has reached the point of repatriation. The Board has questioned both the basis adopted for the computation of standard transportation costs and the practice of reimbursing staff members without the submission of evidence that expenses actually have been incurred.
6. Until 1954, the Agency had followed in this matter procedures similar to those in force in the United Nations, which provide that travel arrangements shall be made by, or on behalf of, the Organization, and not by the staff member himself. The change in UNRWA's practice was intended, among other purposes, to achieve savings in administrative and clerical costs. As a result, however, of a recent review of this question, the Agency will in future require notification from staff members that travel money paid to them was actually used for that purpose. The Advisory Committee considers that, in addition, such notification should be accompanied by supporting receipts or vouchers.

^{2/} Ibid., Tenth Session, Annexes, agenda item 36 (c).

7. The second point which the Board of Auditors has raised concerns ex gratia payments made by the Agency, information on which is not at present included in the financial statements. The Advisory Committee considers that, in order to promote financial control, all such payments should be recorded in the financial statements, separately from other obligations and expenditures. The financial rules of the Agency might be amended to include a provision similar in this respect to article 10.3 of the Financial Regulations of the United Nations.
