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## AUDIT REPORTS RELATING TO EXPENDITURE BY SPECIALIZED AGENCIES OF TECHNICAL ASSISTANCE FUNDS ALLOCATED FROM THE SPECIAL ACCOUNT

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

1. The Secretary-General has submitted, in document A/3158 and Corr 1 and 2, the audit reports for the year ended 31 December 1955 relating to expenditure by specialized agencies of technical assistance funds allocated from the Special Account of the Expanded Programme of Technical Assistance.
2. These audit reports have been examined by the Advisory Committee on Administrative and Budgetary Questions in accordance with paragraph 7 of General Assembly resolution 519 (VI) of 12 January 1952.
3. Although resolution 519 (VI) calls for the transmittal of the reports to the General Assembly after their approval by the general conferences of the respective agencies, or by such other authorities of the agencies as are constitutionally authorized to approve them, this has not always proved possible in view of differences in time-tables. Thus, at the date of submission of the Secretary-General's note (A/3158), the audit reports in respect of two of the agencies - the Food and Agriculture Organization and the United Nations Educational, Scientific and Cultural Organization - had not yet been approved by their respective general conferences. In the case of UNESCO, however, it may be assumed that the report has since been approved by the UNESCO General Conference at its recent session in New Delhi. In any case, this technical point has been overlooked in the past, for the reason that there appears to be no practicable, alternative course.

4. The audit report relating to Special Account expenditures by the United Nations (Technical Assistance Administration), together with the report on the accounts of the Organization for 1955, has been recommended by the Fifth Committee (A/3416) for approval by the General Assembly.
5. Total funds of \$28,668,418 from the Special Account were available, during the year under review, to the organizations participating in the Expanded Programme. In addition, an amount of \$1,779,600 was allotted to the United Nations (TAA) as a grant-in-aid from the Organization's regular budget, bringing the total funds available to all the organizations to \$30,448,018. Obligations were incurred during the year to a total of \$25,828,738, excluding costs charged to funds provided by Governments for local costs. The excess of available funds over obligations incurred thus amounted to \$4,619,280 which, together with a surplus of \$142,761 in the local costs account and other savings and income of \$593,874, results in a total available balance as at 31 December 1955 of \$5,355,915.
6. The following table shows the proportions which administrative and indirect project costs have borne to total obligations incurred during the year 1955 by the several participating organizations:

1955			
	Total obligations <sup>a/</sup>	Administrative and indirect project costs	Column (2) as percentage of col. (1) [Corresponding percentages for 1954 are given in parentheses]
	(1)	(2)	(3)
	\$	\$	%
ILO	2,632,223	333,415	12.67 (13.15)
FAO	7,157,182	996,148	13.92 (21.40)
UNESCO	3,100,111	388,544	12.53 (15.14)
ICAO	994,521	139,913	14.07 (13.19)
WHO	4,411,749	602,617	13.66 (14.90)
United Nations <sup>b/</sup>	7,532,952	1,157,571	15.37 (18.60)
TOTAL -	\$25,828,738	3,618,208	14.01 (17.40)

a/ Including exchange adjustments on operations, total net amount: \$23,851.

b/ Figures also include obligations incurred against funds made available from the United Nations regular budget as well.

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7. The percentage figures representing the proportion of administrative and indirect project costs must be read in the light of various considerations. Some of these are outlined in the Advisory Committee's second report to the eleventh session of the General Assembly (A/3160, paragraphs 276-277).<sup>1/</sup> While the increase in the size of the 1955 programme as compared with 1954, (when total obligations amounted to \$19,911,426) has contributed to a reduction in the proportion of administrative and indirect project costs, there is, in the Advisory Committee's view, room for further improvement in this matter.

8. In the case of two of the participating organizations, namely, the International Labour Organisation and UNESCO, the Advisory Committee has submitted to the eleventh session of the General Assembly detailed reports covering their administrative and financial procedures, with particular reference to their participation in the Expanded Programme (A/3142 and A/3166). The Committee expects during 1957 to continue its study of these matters in relation to other participating organizations, and to report thereon to the Assembly.

9. Attention has been drawn in the audit reports of a number of the organizations to the size of the amounts recorded at year-end as unliquidated obligations in respect of fellowships, and supplies and equipment. The present practice on fellowships is, immediately on the award of a fellowship and even prior to the completion of arrangements regarding the placement of the fellow and his programme of study, to record as an obligation the entire cost of the fellowship, regardless of its expected duration beyond the current year. It has been represented to the Advisory Committee that, in the absence of such an obligating procedure, certain operational difficulties would arise, including the need for recipient countries to follow up fellowships already awarded and to re-include appropriate portions of such fellowships in their country programme requests for several succeeding years until the fellowship is completed in each case. The Advisory Committee understands that, while no serious problem of immobilization of resources has arisen, the Technical Assistance Board will review these obligating procedures in the light of the experience gained during the first full year (1956) of operation by all participating organizations under the country programming system.

10. There are no other points in the several audit reports on which the Advisory Committee desires to comment

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1/ Official Records of the General Assembly, Eleventh Session, Supplement No. 7