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FINANCIAL REPORT AND ACCOUNTS AND REPORT
OF THE BOARD OF AUDITORS: UNITED NATIONS
CHILDREN'S FUND, FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 1955

Draft Report of the Fifth Committee

Rapporteur: Mr. Francisco A. FORTEZA (Uruguay)

1. The Fifth Committee, at its 534th meeting, held on 20 November 1956, considered the financial report and accounts of the United Nations Children's Fund (UNICEF) for the financial year 1955 and the report of the Board of Auditors thereon (A/3129). For its consideration of this item, the Committee also had before it the observations contained in the fifth report of the Advisory Committee on Administrative and Budgetary Questions to the eleventh session of the General Assembly (A/3163).
2. The Fifth Committee noted that, during 1955, the total expenditure from UNICEF was \$14,161,178, as compared to income from all sources in the amount of \$17,514,841. Accordingly, the principal of the Fund at 31 December 1955, in the amount of \$31,580,320, (of which \$24,480,394 was allocated) represented an increase in the principal during the year by \$3,353,663.
3. A number of representatives paid tribute to the work of UNICEF and to the administration of the Fund, and expressed their satisfaction that Government contributions to the Fund had been some \$2,000,000 higher in 1955 than in 1954. Particular attention was paid during the discussion to the questions of the ratio of administrative costs to total expenditures, and to the UNICEF Greeting Card programme.
4. In paragraphs 5 and 6 of its report, the Advisory Committee had noted that the ratio of administrative costs to total expenditures had increased

from 8.34 per cent in 1954 to 8.97 per cent in 1955; and had given the details of the factors that it understood contributed to the situation that the 1955 expenditures on direct assistance appeared (in proportionate terms) to be lower than for the three previous years, and thus to fluctuations in the ratio of costs other than those for direct assistance to total expenditures. One of the factors noted specifically was that the value of an increase of some thirty million pounds in the shipment of surplus powdered skim milk from the United States of America did not, except for freight costs, enter into the UNICEF accounts as an item of "expenditure for assistance"; while at the same time, there resulted higher costs in 1955 for related supervision and distribution, necessarily adding to expenditure for operational services. It was suggested that the value of the milk handled by UNICEF should be reflected in the accounts to give a better indication of the total assistance rendered by UNICEF; but the Committee was informed by the Deputy Director of UNICEF that such action presented legal difficulties, since the milk did not at any stage become the property of UNICEF. The Deputy Director informed the Committee, however, that the increase in the ratio of administrative costs from 1954 to 1955 was not indicative of a trend, and that the ratio thus far in 1956 was 8.36 per cent, or practically the same as in 1954.

5. While noting the comments that had been made on this question by the Advisory Committee, several representatives reiterated the necessity to maintain a careful review of administrative and operational service costs in order to ensure that the maximum possible proportion of available resources could be allocated to direct assistance.

6. As regards the UNICEF Greeting Card programme, satisfaction was expressed on the results of that programme, both from a financial and publicity viewpoint; the inclusion in the Financial Report of detailed information on the income and expenditure relating to this programme and the submission of a separate audit report on the relevant accounts was considered to be a useful addition to the financial and audit reports of UNICEF. In reply to a question, the Deputy Director of UNICEF informed the Committee that future statements would include a figure for the value of the greeting cards on hand.

Recommendation of the Fifth Committee

7. The Fifth Committee decided, unanimously, to recommend to the General Assembly the adoption of the following draft resolution:

UNITED NATIONS CHILDREN'S FUND: FINANCIAL REPORT
AND ACCOUNTS FOR THE FINANCIAL YEAR 1955 AND
REPORT OF THE BOARD OF AUDITORS

The General Assembly

1. Accepts the financial report and accounts of the United Nations Children's Fund for the financial year ended 31 December 1955 and the certificate of the Board of Auditors (A/3129);
2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its fifth report to the eleventh session of the General Assembly (A/3163).
