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at 10.30 a.m.

New York

SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. PIRSON (Belgium)

Chairman of the Advisory Committee on Administrative and
Budgetary Questions: Mr. MSELLF

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The meeting was called to order at 10.35 a.m.

AGENDA ITEM 103: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/34/11 and Add.1)

1. Mr. L. FALL (Senegal) said that his delegation was fully aware of the numerous problems which the Committee on Contributions had had to surmount in order to formulate a new scale of assessments for the period 1980-1982, and it recognized that any modification of the previous scale was bound to satisfy some States while rightly or wrongly penalizing others.

2. On the suggested new scale, China's assessment had been reduced from 5.5 per cent to 1.62 per cent. That adjustment meant simply that that country's ability to pay had been over-estimated in the past. One could not but welcome China's generous decision voluntarily to assume a major portion of the assessment increase that would otherwise have devolved on the developing countries as a result of China's reduced contribution. By such an act that great country had again demonstrated its solidarity with the other developing countries of the third world.

3. His delegation felt that the statistical base period of seven years used by the Committee on Contributions should be retained, since it had the advantage of reconciling to a reasonable extent three imperatives: it avoided extreme variations between two successive scales, it took account of States' capacity to pay, and it adhered as closely as possible to the economic realities affecting States.

4. His delegation was pleased by the Committee's application of the new low per capita income allowance formula, which was particularly beneficial to countries with a per capita income of less than \$500 per annum.

5. Some delegations had raised the possibility of establishing a floor for the permanent members of the Security Council. His delegation agreed with the Committee on Contributions that the matter was beyond that Committee's competence and that a decision would have to be taken by the sovereign member States. For the present, his delegation preferred to support the status quo with regard to what was an extremely complex and delicate matter. On the other hand, his delegation was displeased by the large increases in developing countries' assessments. They were all the more surprising in the light of the fact that the Committee on Contributions had been requested, in arriving at assessments, to employ methods which would avoid extreme variations in a particular country's assessment between two successive scales. They contrasted oddly with the reduced assessments of some developed countries, including two members of the Security Council. Justice and equity demanded that that paradox should be studied more closely and, indeed, that it should be corrected. Furthermore, when applying the seven-year statistical base period, it would have been desirable for the Committee on Contributions to take account of the particular financial problems caused by disasters in certain developing countries.

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(Mr. L. Fall, Senegal)

6. Nevertheless, on the whole his delegation approved of the report of the Committee on Contributions and would vote in favour of the new scale recommended for the period 1980-1982.

7. Mr. NAVA-CARRILLO (Venezuela) said that he had reservations about the report of the Committee on Contributions. Firstly, it was unreasonable that the method of calculating assessments, which was supposed to be based on the principle of capacity to pay, made no distinction between developed and developing countries. The method used, based solely on a consideration of econometric variables, was not in accordance with the provisions of General Assembly resolution 31/95 B, which stated that in future, when arriving at the scales of assessments, the Committee on Contributions would take into account the continuing economic gap between developed and developing countries. His delegation felt that that criterion should be accorded its due importance since, for a given per capita income the level of well-being in developing countries could not be compared with that in developed countries. In developed countries, per capita income was a good index of the level of development and showed a clear correlation with other social and economic indicators, since developed countries had mature economies with comparatively slow growth rates, and with a high degree of accumulated wealth. On the other hand, the economies of many developing countries were characterized by a contrast between high returns on capital and low pay for labour. Consequently a high national income did not necessarily imply equally high living standards for the population.

8. Secondly, his delegation believed that in establishing the scale of assessments, the differences in wealth among the developed countries should be borne in mind, so that the richest countries would contribute more. Currently, however, for the purposes of the scale of assessments, an industrialized country with a per capita income of \$8,000 was dealt with in the same manner as one with a per capita income of \$2,000. Similarly, the position of the least advanced countries should be re-examined, and there should be an increase in the allowance applied when calculating their assessments. It was essential to introduce the concept of the relative degree of poverty or wealth in establishing the scale of assessments. A striking gap existed between the political influence of certain developed countries and their meagre contribution to the United Nations budget.

9. His delegation noted that owing to the recommendations made by the Committee on Contributions, the assessments of industrialized countries were decreasing while those of the more advanced developing countries were dealt with as if they belonged to the industrialized group. The situation was aggravated by the fact that the aid provided by some of those countries to other developing countries was greater, in relation to gross national product, than the official aid to development given by many developed countries, whether socialist or capitalist.

10. In conclusion, his delegation hoped that the criteria used to calculate assessments would be revised to take account, in particular, of the arguments put forward during the debate by several developing countries. His delegation did not oppose possible increases in assessments but called for careful consideration of other factors such as differences in wealth among developed countries and the particular structure of the developing countries' economies.

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11. Miss ZONICLE (Bahamas) said that in the new scale of assessments proposed by the Committee on Contributions, the contribution of the Bahamas had remained unchanged at 0.01 per cent, thanks to the decision of the Chinese Government to continue to pay a contribution larger than that for which it was liable and also to the untiring efforts of that Committee to formulate a scale of assessments objectively verifiable as equitable for each Member State.

12. Her delegation wished to comment on two aspects of the report of the Committee on Contributions which it considered important; firstly, the effectiveness of the criteria now used to determine the scale of assessments and, secondly, the question of whether a ceiling and a floor should be established for all Member States or only for some.

13. With regard to the first point, her delegation found that there was a basic mistrust of the ultimate objectivity and fairness of the criteria applied by the Committee on Contributions. In that connexion, it was appropriate to recall the main conclusions arrived at by that Committee in recent years. Concerning the major criterion of capacity to pay, the Committee on Contributions had explicitly recognized that a new general index of development, covering both the economic and social aspects and the qualitative and structural aspects of development, might prove a more comprehensive indicator of a country's general level of development than per capita income. Thus there was a case for a possible combination of national income with other economic and social indicators. Nevertheless, the Committee on Contributions continued to maintain national income as the basic criterion of capacity to pay because of the many difficulties to which the use of other indicators might lead. It had also considered two measures aimed at reducing the effects of such external forces as inflation and currency fluctuations on national income: using constant prices instead of current prices and using a statistical base period longer than three years. However, it had decided to continue the evaluation of national income at current prices, because data at constant prices were not available for all countries, and even if they had been available, there was at present no internationally recognized statistical technique for making the comparisons necessary for the scale of assessments. As to the base period, the Committee on Contributions had finally decided on a period of seven years, as ensuring greater stability and continuity between scales. Lastly, the Committee on Contributions had decided that for the present it should continue to use the United States dollar as the basis for converting national income data to a common unit. It had come to that conclusion after studying various other possible methods, such as international units of account, a basket of currencies, and in particular, special drawing rights and purchasing-power parities.

14. Her delegation felt that the Committee on Contributions, acting, for the most part, in strict conformity with its terms of reference, had demonstrated the limitations of those terms of reference in the absence of the conditions that must exist if the scale of assessments was to be established fairly and objectively. The most important such conditions emerging from that Committee's reports, were: firstly, the existence of a consensus on the social and economic factors that the international community should accept as minimum factors for development in order to reduce and, if possible, eliminate subjective value judgements on the relative importance of the social and economic indicators to which the Committee on Contributions had frequently referred in its reports; secondly, the need for

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(Miss Zonicle, Bahamas)

concerted national and international efforts to improve the collection and standardization of data; and lastly, the need for better co-ordination at the global level of efforts to control inflation. If Member States addressed themselves to those and other issues raised by the Committee on Contributions, they could lay the cornerstone of the new international economic order and turn rhetoric into reality.

15. Referring to the question of the ceiling and to the possibility of recommending the establishment of a floor, as referred to in paragraphs 34 and 36 of the report of the Committee on Contributions, she said that although capacity to pay was at present recognized as the major criterion for establishing the scale of assessments, that criterion was in competition with other principles such as the equality of States and the principles of political reality such as "might is right". Accordingly, efforts to redress particular imbalances should not mean losing sight of the totality of relations among States. For example, revoking the ceiling rule might well result in greater imbalance than that already existing among certain Member States and tip the scales in favour of "might is right". On the proposal to establish a floor for the permanent members of the Security Council, her delegation agreed with those members of the Committee on Contributions who had expressed the view that the United Nations Charter did not provide for a floor to the assessment of permanent members of the Security Council and that to impose such a floor would contravene the spirit of the Charter and would be unfair and would, in fact, constitute discrimination against the developing countries, particularly against a State with lower capacity to pay serving as a permanent member of the Security Council.

16. In conclusion, she said that the Committee on Contributions not only had been faithful to its terms of reference but also had shown Member States how they could help it to establish a scale of assessments whose fairness could be objectively verified. Her delegation therefore supported the recommendations in paragraph 78 of the report of the Committee on Contributions.

17. Mr. DE FACQ (Belgium) said he was gratified by the moderation and spirit of co-operation shown by the countries which would bear the additional costs resulting from the reduction of certain contributions. Although Belgium's contribution had been raised by 13 per cent, it would adopt the same attitude. Without approving all the choices made by the Committee on Contributions, his delegation recognized that that Committee had submitted a balanced solution to the Fifth Committee.

18. Three years earlier, Belgium had opposed the extension of the base period from three to seven years, decided on for the first time in 1976. That extension did not seem desirable now, because it hindered the process of calculating as precisely as possible the real capacity to pay of States on the basis of the most recent statistics on their national income. Another extension of the period would have the effect of balancing the system even more.

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(Mr. de Facq, Belgium)

19. Belgium had always favoured a special allowance formula for countries with a low per capita income. The new allowance, going up to 75 per cent for countries with per capita incomes of less than \$1,800, seemed acceptable. However, it should be noted that more than two thirds of the supplementary contributions, amounting to \$40 million, were to be paid by industrial countries that were not oil producers, at a time when a recession was beginning that might well reduce their real incomes. At the same time, ad hoc relief applied to certain developing countries which had suffered natural disasters or political upheavals was acceptable, provided that the Committee reported, at least in general terms, the total figures for such relief.

20. His delegation did not favour a floor for the rate of assessment of permanent members of the Security Council, since that principle would establish a wholly unjustifiable discrimination. The permanent membership of five members of the Security Council was based on reasons of political stability and world security, not on the economic power of those countries.

21. Referring to the reduction of China's contribution, he noted with satisfaction that that country had agreed to bear during the coming three years those costs of the reduction in its assessment that would otherwise have increased the contributions of developing countries.

22. Several delegations had deplored the fact that the Committee on Contributions had not provided more detail on the criteria it had used in arriving at the final percentages for the allocation of contributions. It would be proper, however, for that Committee, without infringing the principle of confidentiality of data, to provide significantly precise indications in its report.

23. Mr. SHRESTHA (Nepal) said that his delegation was in a position to support the recommendations contained in the report of the Committee on Contributions. The principle of capacity to pay was all the more valid considering the wide range of levels of development of the countries Members of the Organization. In that regard, it was cause for satisfaction that the Committee had recommended continuing the 0.01 per cent minimum rate of assessment for low-income countries and the application of the low per capita income allowance formula.

24. His delegation also welcomed the Committee's proposal to reduce the assessment of the People's Republic of China. The fact that China had offered to assume for a certain period a major portion of the assessment increase that would devolve on the developing countries as a result of the change in China's rate of assessment should be seen in a positive light. Lastly, his delegation favoured retaining a seven-year base period as decided by the Committee.

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25. Mr. ALI (Chairman, Committee on Contributions) said he would take note of the suggestions made by various delegations, particularly the Australian delegation, which should allay some of the misgivings of certain delegations, especially with regard to national income statistics. The Committee on Contributions would take a decision on those matters at its next session, in 1980.

26. With regard to comments on the determination of capacity to pay, the Bahamas delegation had quite rightly remarked that the Committee still used national income statistics to calculate the assessments of Member States. Per capita income was used only for reducing assessments. Its use as a basis for calculating assessments would have serious repercussions. As an example, he presented the hypothetical case of two countries with identical per capita incomes of \$170. The average national income of the first country was \$500 million and its assessment had been set at 0.01 per cent. The second country had an average national income of \$23 billion and its assessment was 0.16 per cent. If the assessment was based on per capita income, the assessment of the two countries would be identical, either 0.01 per cent or 0.16 per cent; in either case, that would be absolutely unfair.

27. Some delegations had also commented on the allowance formula. That formula, which was applied to countries with low per capita incomes, was designed to help the developing countries, as could be seen from the figures shown on pages 8-10 of the Committee's report. As the Belgian representative had pointed out, the relief granted developing countries under the new formula amounted to \$40 million. The Committee had tried to follow as faithfully as possible the General Assembly's guidelines concerning assessments of developing countries. Thus, the share of those countries in the regular budget of the Organization had gone from 14.98 per cent in 1970 to 13.09 per cent in 1978, and in the new scale it was 10.28 per cent; those figures showed that it was being reduced from year to year.

28. The increase in the assessments of certain developed countries, mentioned by the representatives of Belgium, the Netherlands and Australia, was due to two factors: on the one hand, the reduction of the Chinese assessment, where the difference had been distributed among the developed countries and, on the other hand, the change in the allowance formula, under which the gradient of maximum relief would now be 75 per cent instead of 70 per cent and the point of inflexion coincided with the point of relief of \$1,800 per capita income. Also, the assessment of certain developed countries was lower in the new scale. The Committee had tried to follow the instructions it had been given and those reductions had been determined according to the principle of capacity to pay.

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AGENDA ITEM 96: FINANCIAL REPORTS AND ACCOUNTS AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/34/5/Add.1-5 and 7, A/34/486; A/C.5/34/L.3 and L.5)

- (a) UNITED NATIONS DEVELOPMENT PROGRAMME
- (b) UNITED NATIONS CHILDREN'S FUND
- (c) UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST
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29. Mr. ISLAM (Bangladesh) said that his delegation appreciated the efforts made by Canada to improve the system for auditing the accounts of United Nations agencies, particularly by modifying the role of the Board of Auditors. It felt, however, that in view of the scope of the changes proposed, members should be given ample time to study the Canadian paper (A/C.5/34/L.3) in depth. His delegation therefore requested the Fifth Committee not to initiate a debate on the substance of the Canadian proposal and to forward it to the Board of Auditors itself, which could report to the Fifth Committee at the thirty-fifth session of the General Assembly, after which the Advisory Committee on Administrative and Budgetary Questions could present its views on the matter.

30. Mr. SCHMIDT (Federal Republic of Germany), recalling the statement made to the Fifth Committee by the Chairman of the Board of Auditors about four areas in need of improvement, namely, computer control, cash management, procurement and internal audit, said that many of those areas had already been mentioned on previous occasions and for the same reasons. According to the conclusions of the Board of Auditors itself, the two key recommendations made by the Board in its report to the General Assembly at its thirty-third session had not yet been implemented. His delegation also noted that the General Assembly, in paragraph 5 of its resolution 33/10, had called on the Secretary-General to submit a progress report on the implementation of those two recommendations: that had not yet been done. Furthermore, with regard to the question of the review of the allotment system, on which the Secretary-General had reported at the thirty-third session, the Advisory Committee on Administrative and Budgetary Questions had indicated in its report of the previous year (A/33/7/Add.8) that it would return to the question during the thirty-fourth session in the context of the Secretary-General's programme budget proposals for 1980-1981. If it had not done so, that was probably because nothing had happened, despite the recommendations contained in General Assembly resolution 33/116.

31. Generally speaking, his delegation believed there was some confusion about those matters. It did not want the Organization to lose the benefit of the efforts that had already been made to strengthen control of financial operations. It would therefore like to have assurances from the members of the Board of Auditors and from the Controller to the effect that those efforts would be continued and that the next report to the Committee would include the relevant details.

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(Mr. Schmidt, Federal
Republic of Germany)

32. With reference to the Canadian proposal, he said that his delegation was grateful to the Canadian Government for its long-standing interest in improving the system for auditing the United Nations agencies, but it was not sure what benefits could be obtained from implementation of the Canadian proposal. His delegation therefore agreed with others, including the Canadian delegation itself, that the question should be studied in depth. Such a study should first be entrusted to experts, possibly to the Board of Auditors. In addition, the Secretary-General might ask Member States for their views and transmit them to the General Assembly; he might also make whatever remarks he considered appropriate. The Fifth Committee and the Advisory Committee on Administrative and Budgetary Questions could then study the matter at the next session, following the usual procedure.

33. Mr. VISLYKH (Union of Soviet Socialist Republics) said that he felt the Board of Auditors played an important part in the effort to secure better management of the Organization's financial resources. The Board's conclusions and recommendations were in general carefully weighed which was why his delegation was disturbed by the fact, reported by the Board, that the Administration had not put into effect the measures recommended to it at the thirty-third session of the General Assembly. It therefore endorsed the recommendations of the Advisory Committee on Administrative and Budgetary Questions regarding the implementation of the Board of Auditors' proposals, and felt in particular that, under the Regulations in force, the Controller already possessed full powers to direct the financial activities of the United Nations, powers which it was his responsibility to exercise effectively.

34. His delegation was also disturbed by the non-implementation of paragraphs 4 and 5 of General Assembly resolution 33/10 and regretted that for the current year again, the Board had had to report poor cash management on the part of all the services of the Organization, leading to certain abuses which it was time to remedy.

35. In its report, the Board had also drawn attention to the inadequate security measures at certain computer centres. His delegation hoped that the Board's comments would not be used as a pretext for requesting additional appropriations; it was sure that the desired strengthening of security and controls could be achieved with the financial and manpower resources available.

36. On the Canadian proposal, his delegation recalled that the Advisory Committee on Administrative and Budgetary Questions had rejected similar proposals in the past, the current audit system being regarded as quite satisfactory and as having amply demonstrated its effectiveness. Any reorganization of the system would involve additional expenditures quite out of proportion to the improvements that might be obtained.

37. His delegation felt, therefore, that a close examination of the Canadian proposal, possibly with the assistance of the Advisory Committee, was a paramount necessity. Lastly, in regard to draft resolution A/C.5/34/L.5, it felt that it would be advisable to reproduce in operative paragraph 3 of the draft the text of the corresponding resolution adopted in 1978; accordingly the expression "takes note of" should be replaced by "approves".

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38. Mr. KEMAL (Pakistan) said that among the comments by the Board of Auditors, his delegation had noted the one concerning the inadequacy of the control in the New York Computer Service data centre; it had also taken note of the reply of the Secretary-General's representatives to the Advisory Committee on Administrative and Budgetary Questions, namely that "while, in their opinion, there was no cause for undue concern at this time, additional protection would be required as the NYCS gradually changed over to interactive equipment" (A/34/486, para. 5). His delegation therefore endorsed wholeheartedly the Advisory Committee's recommendation in paragraph 6 of its report.

39. In its report on UNICEF, the Board of Auditors indicated that UNICEF was not in a position to exercise the desired control over vehicles loaned to recipient Governments. His delegation approved UNICEF's decision to review its procedures in that respect, as well as those for the engagement and performance evaluation of experts and consultants. Regarding the Board's report on the United Nations, his delegation had taken note of the comments made in paragraph 7 of the report of the Advisory Committee on Administrative and Budgetary Questions and recalled in that connexion that at the thirty-third session the Advisory Committee had recommended the Secretary-General and the Controller to take immediate steps to ensure that the Financial Regulations of the Organization were applied. It recognized that the implementation of the first of the two key recommendations referred to in paragraph 7 was not an easy task; to the second, his delegation felt that the systems group in question ought to be able to deal exclusively with the task assigned to it without becoming the nucleus of a new bureaucratic structure.

40. On the Canadian proposal, he observed that the changes proposed in the composition of the Board of Auditors were such that his delegation felt it would be premature for the Fifth Committee to discuss the substance of the matter at the current session. In its view, it would be wiser to define the procedure to be followed in examining the Canadian proposal, a procedure which would consist of asking first the opinion of the Board of Auditors, then that of the Advisory Committee on Administrative and Budgetary Questions, particularly on the administrative and financial aspects of the question. It would also be necessary to obtain the views of the Secretary-General and the other executive heads in ACC, given the scope of the proposed changes. At the thirty-fifth or thirty-sixth session, the Fifth Committee could then be given an over-all report on the question. Lastly, his delegation felt, that the best way to consult Member States was to address the Fifth Committee and not to correspond directly with Governments.

41. Mr. GOSS (Australia) said that he had read the statement of the Chairman of the Board of Auditors, the Board's reports and the comments of the Advisory Committee on Administrative and Budgetary Questions with great interest. His delegation regretted that it had not received certain of the Board's reports in time to be able to examine them in detail.

42. The year in which the draft programme budget was submitted was not a good one for a detailed examination of auditing operations in the United Nations. In 1978, the Board of Auditors had presented a full report which contained a number of criticisms of the accounting practices of the United Nations and various proposals for improving the Organization's systems of management and financial control and,

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(Mr. Goss, Australia)

in particular, strengthening the role of the Controller. On the initiative of his delegation, those recommendations had been approved by the General Assembly, and the Secretary-General had been asked to give effect to the proposals as quickly as possible and to report to the thirty-fourth session on the progress made in that respect. It had been a question not only of strengthening the role of the auditors in the audit but also of associating them more closely with the development of effective systems of management and control.

43. His delegation noted with regret that the Board of Auditors had felt that no significant progress had been made by the Administration to improve financial management and control systems in the United Nations (A/34/486, para. 7). It was true that that state of affairs was due in part to the need to work out modalities for strengthening the role of the Controller, but, since it would clearly be a long drawn out process, it was time for at least the first steps to be taken.

44. Regarding the systems group, in connexion with which it was announced that the posts would be filled "soon", it would be well to know exactly what "soon" meant. As to the financial manual, even if it was not the central element in the process, it should be put in hand as soon as the first stages had been completed.

45. It was regrettable that the report which had been requested on all those questions had not been drawn up. He expressed the hope that the Secretary-General and the Board of Auditors would submit a comprehensive report before the thirty-fifth session, and that notable progress would be made by then.

46. The consideration of the reports of the Board of Auditors and more generally of all the questions which they raised tended to be handled as a formality. That was all the more regrettable since the audit was an essential part of any control and was necessary for effectiveness of operations. Furthermore, the reports submitted by the Board were a vital source of financial information about the Organization.

47. With regard to the note verbale submitted by the Canadian delegation in document A/C.5/34/L.3, he wished first to pay a tribute to the Canadian Auditor General for the valuable services he had rendered to the Organization for many years and for the constructive approach with which he undertook his task, as was witnessed by the very interesting proposals submitted in that note.

48. Two of those proposals merited particular attention. First, there were advantages in expanding the scope of auditing in the interests of efficiency and effectiveness. The Canadian note, furthermore, proposed recruiting a professional staff from a wide range of countries and backgrounds. It should be pointed out in passing that that proposal closely agreed with resolution 1979/47 recently adopted by the Economic and Social Council entitled "Public accounting and auditing for national development". In that specific case, it was certainly preferable to appoint an audit staff on limited contracts and from outside the United Nations. The appointment of such staff would ensure a greater degree of continuity and consistency in auditing.

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(Mr. Goss, Australia)

49. In spite of its advantages, the Canadian proposal should be examined closely in order to study the general impact it would have on the over-all operations of the Organization. Care would have to be exercised in the establishment of control systems, since it was very clear that a legislative body could not monitor their functioning from day to day. From the very beginning it would be necessary to ensure that those systems complemented each other and did not overlap or conflict. The concept of such a mechanism posed problems which were certainly not insurmountable, if one clearly defined the rules of the game, such as the responsibility and authority of the various bodies and the method for selecting auditors.

50. As some delegations had suggested, it would no doubt be useful to request United Nations bodies to comment on that question. But the Secretary-General should also solicit the views of Member States, setting a time-limit for the receipt of the replies (March, for example). The countries would have an additional time-limit to make their views known on that question and to point out the political, and not only the technical problems it raised.

51. Mr. ABRASZEWSKI (Poland) noted with interest the reports of the Board of Auditors and the note verbale submitted by the Canadian delegation in document A/C.5/34/L.3. The Board of Auditors played an especially important role in the functioning of the United Nations, and it was important to improve the Organization's financial management by strengthening its auditing and evaluation operations. In the light of those documents, his delegation was especially interested in three questions.

52. The report of the Board of Auditors on the United Nations Children's Fund referred to the fact that procedures for the engagement and performance evaluation of experts and consultants were neither adequate nor consistent with the principles and guidelines laid down by the General Assembly. The Board had rightly made proposals in accordance with those principles and guidelines. He suggested that, in subsequent reports, the Board should indicate how those proposals had been followed up and, more generally, how United Nations bodies were applying the principles and guidelines of the General Assembly.

53. The Board of Auditors had also raised the question of the security of computer systems and data files, in particular with regard to UNDP and UNICEF. The Board had of course made commendable efforts to improve the security of computer programmes. However, it had not submitted enough details to indicate improper utilization of data or to help in determining the dangers involved. The Board should therefore adopt a pragmatic approach. That problem was part of the broader problem of the security of all data and documents handled by United Nations officials. It was interesting to note that, according to the information provided to the Advisory Committee by the representatives of the Secretary-General (A/34/486, para. 5), the New York Computing Service (NYCS) had "a modest but active programme in the field of computer security" and that, "while there was no cause for undue concern at this time, additional protection would be required as NYCS gradually changed over to interactive equipment". His delegation supported the Advisory Committee's recommendation (ibid., para. 6), that the Secretary-General

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(Mr. Abraszewski, Poland)

should keep the question of security of computerized files under constant review, while bearing in mind the costs and benefits of possible improvements. One must be careful not to set up unduly elaborate systems, which were very expensive and which had not yet proved necessary. Since, in any case, no system had perfect security, perhaps the best method was to give precise instructions to the staff concerned.

54. With regard to the Canadian proposals, his delegation wished to reiterate that it was satisfied with the organization and current practices of the Board of Auditors and with the services it had rendered in recent years. Accordingly, it was not completely convinced of the need for a radical reorganization of United Nations audit operations, as that would undoubtedly absorb resources which could be used elsewhere for the execution of programmes. He also wondered whether the especially full agenda of the current session did not preclude the discussion of that matter. The representative of Canada had suggested that, in the consideration of that question, the Secretary-General should ask Member States to transmit their views to him. His delegation did not think that audit operations within the United Nations constituted a problem that required a solution. Since that was a highly technical question, it would be a good idea to seek the views of the Secretary-General, the Advisory Committee, the Panel of External Auditors and perhaps even the Administrative Committee on Co-ordination.

55. His delegation was not really convinced of the need to modify auditing bodies substantially. It was of course desirable to institute some type of rotation so as to improve the geographical representation of members of the Board of Auditors. Although it considered the structure of both external and internal audit bodies to be balanced and satisfactory, his delegation was quite prepared to consider future proposals, especially when they were submitted by a country as well-versed in the matter as Canada.

56. Mr. STUART (United Kingdom) praised the services that Canadian auditors had rendered to the United Nations for many years. It was no secret to anyone that they had played a major role in preparing the reforms of the financial management and control systems, which had been initiated by the General Assembly in 1978, on the recommendation of the Board of Auditors. The same auditors were now presenting a plan for the radical reorganization of the United Nations external audit operations.

57. As the representative of Canada had rightly stressed, the proposals contained in document A/C.5/34/L.3, if adopted, would fundamentally change the role of the Board of Auditors. However, those proposals would also involve a fundamental change in the external auditing and in the committee structure of the United Nations where administrative and budgetary affairs were concerned. Proposals involving such fundamental changes must be studied very carefully. In particular, it was important to seek the views of the Panel of External Auditors, especially in connexion with the implications the proposals would have for the external audit of other organizations in the United Nations system, and the views of the Advisory Committee with regard to their administrative and budgetary implications.

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(Mr. Stuart, United Kingdom)

58. As for the substance of the Canadian note verbale, two important questions required further explanation. First, it was not clear what or who was to be the supreme audit authority, in other words, the authority that would issue the audit certificate. If it was to be the Auditor General, one might ask whether the responsibilities of the expanded Board of Auditors with regard to the audit plans and budget would not detract from the Auditor General's independence; if it was to be the Board itself, the size of its membership might prevent it from exercising that function effectively.

59. The second question involved responsibility for the audit budget. Paragraph 8 (b) of the Canadian note stated that the Auditor General would report to the General Assembly through the expanded Board of Auditors, "in accordance with a plan and budget approved by the Board". It was difficult to imagine that the General Assembly would delegate to the expanded Board the power to appropriate funds. However, should it fail to do so and should the General Assembly retain ultimate authority for approving the audit budget, he asked whether after studying the audit budget, the Advisory Committee would no longer advise the Fifth Committee. In that case, the expanded Board would be both judge and advocate, as far as the budget was concerned. If, on the contrary, the Advisory Committee retained its role in connexion with the audit budget, the role of the Board of Auditors could not be so profoundly changed as the Canadian proposal implied.

60. His delegation believed that the two key recommendations made by the Board of Auditors in its report to the General Assembly at its thirty-third session should be implemented promptly. He expressed the hope that the Secretary-General would be able to report to the Fifth Committee, before the end of the thirty-fourth session, that the new systems group had been established and that it could begin its work without delay. He also expressed the hope that there would be no further delay in the preparation of the comprehensive financial manual setting out the financial management and control policies, responsibilities and procedures of the United Nations.

The meeting rose at 1.05 p.m.