

**UNITED NATIONS**

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**FINANCIAL REPORT AND ACCOUNTS**  
**for the year ended 31 December 1973**  
**and**  
**REPORT OF THE BOARD OF AUDITORS**

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*Volume II*  
**(International Trade Centre)**

**GENERAL ASSEMBLY**  
**OFFICIAL RECORDS: TWENTY-NINTH SESSION**  
**SUPPLEMENT No. 7 (A/9607)**



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**UNITED NATIONS**

New York, 1974

#### **NOTE**

**Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.**

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LETTERS OF TRANSMITTAL

23 May 1974

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the International Trade Centre as at 31 December 1973, which I hereby approve.

Copies of these financial statements are being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Kurt WALDHEIM

The Chairman of the Board of Auditors  
United Nations  
New York

25 June 1974

Sir,

I have the honour to transmit to you the financial statements of the International Trade Centre as at 31 December 1973 which were submitted by the Secretary-General. These statements have been examined and certified by the Board of Auditors.

In addition to the above, I have the honour to present the report of the Board with respect to the International Trade Centre accounts for the year 1973.

Accept, Sir, the assurances of my highest consideration.

(Signed) J. E. ESCALLON  
Controller-General of Colombia  
and  
Chairman, United Nations Board of Auditors

The President of the General Assembly  
of the United Nations  
New York

## I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1973

1. The Secretary-General has the honour to submit herewith the financial report on the accounts of the International Trade Centre UNCTAD/GATT, together with the audited accounts comprising four statements supported by two schedules.
2. The International Trade Centre UNCTAD/GATT was established on 1 January 1968 under the terms proposed in a report of the Secretary-General of 30 October 1967 <sup>1/</sup> and approved by General Assembly resolution 2297 (XXII) of 12 December 1967. It was provided that the Centre be headed by a Director appointed by agreement between the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) and the Director-General of the General Agreement on Tariffs and Trade (GATT) and that the regular budget of the Centre would be shared equally between UNCTAD and GATT. The Contracting Parties to GATT took a parallel decision on 22 November 1967 (document SR.24/14).
3. At the outset, responsibility for budgetary and financial control of the Centre's funds was assumed, *inter alia*, by the Director-General of GATT. In the autumn of 1972, the executive heads of UNCTAD and GATT undertook a review of the administrative arrangements. The report on the review was submitted to the GATT Council by the Director-General of GATT in document C/W/212. Further modifications were proposed in a note by the Secretary-General to the General Assembly at its twenty-eighth session (A/C.5/1533) to accord with the existing arrangements in the United Nations Office at Geneva for provision of administrative support to Geneva-based organizations.
4. The Director-General of GATT ceased to be responsible for the administrative and financial arrangements of the Centre as from 1 January 1973, but as an interim measure had passed the necessary transactions on account of the Centre between 1 January and 28 February 1973. The Secretary-General of the United Nations, with the concurrence of the Director-General of GATT, instructed the Director-General of the United Nations Office at Geneva to take over the administrative and financial responsibilities of the International Trade Centre (ITC) as outlined in A/C.5/1533, as from 1 March 1973.
5. GATT handed over its interim accounts as of 28 February 1973, consisting of the general ledger and budgetary accounts, payroll and liquid assets. The opening balances at 1 January 1973 were checked to the financial report of the Director-General of GATT on the 1972 accounts as shown in document ITC/AG/31 of 23 August 1973. Separate accounts for the ITC General Fund and for its trust funds were opened in the United Nations accounting system. The transactions for January and February 1973 were journalized into these accounts.
6. The liquid assets shown by GATT at 28 February 1973 as held for ITC amounted to SwF 10,141,953.20. This sum was transferred to the United Nations as follows:

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<sup>1/</sup> Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 38, document A/6879.

		<u>Swiss francs</u>
9 March 1973	Cheque in Swiss francs	315,600.06
9 March 1973	Cheque for \$US 148,074.31 (at SwF 3.67 = \$US 1)	543,432.72
8 March 1973	Deposits	

United States dollars

Kleinwort and Benson

Ltd., London . . . . 500,000.00, 6 per cent due 5 March 1973  
 505,250.00, 6 11/16 per cent due 5 April 1973  
 143,413.34, 6 1/8 per cent due 24 April 1973

Lloyds and Bolsa

Ltd., London . . . . 500,000.00, 6 per cent due 6 March 1973  
 515,416.67, 6 5/8 per cent due 5 April 1973

Irving Trust Co.,

London . . . . . 365,326.10, 7 per cent due 15 May 1973

TOTAL . . . 2,529,406.11 (at SwF 3.67 = \$US 1)      9,282,920.42

TOTAL      10,141,953.20

7. The financial statements cover the whole of the year 1973.

Statement I. Combined statement of assets, liabilities  
and fund balances as at 31 December 1973

8. The combined assets of the General Fund and the trust funds amounted to \$6,021,966 at 31 December 1973.

9. General Fund

(a) Assets

- (i) The cash in banks amounted to \$159,411;
- (ii) The accounts receivable of \$89,134 included various advances to staff members (\$44,155) and outstanding invoices in respect of publications and services (\$44,979), all of which are in the course of recovery;
- (iii) There were prepaid expenses of \$7,228.

(b) Liabilities

- (i) Miscellaneous accounts payable of \$75,645 included salary assignments of \$38,222 and miscellaneous unpaid 1973 expenditures of \$37,423;
- (ii) The total surplus on hand as at 31 December 1973 amounted to \$16,061, of which \$11,754, representing the 1973 surplus, has been appropriated as a provision for 1974 expenditures, leaving an unappropriated balance of \$4,307;



- (iii) The value at the time of acquisition of non-expendable equipment, comprising furniture, equipment and vehicles still in use and noted in the accounts as an asset, amounted to \$72,158.

10. Trust funds

(a) Assets

- (i) The funds held totalled \$3,445,263, of which \$130,121 represented cash in banks, \$3,311,092 interest-bearing short-term deposits, detailed in schedule 1, and \$4,050 the amount held by two imprest holders;
- (ii) The contributions receivable (trust funds) totalled \$2,192,088 and were receivable from the following donors:

	<u>United States dollars</u>
Swedish International Development Agency (SIDA)	2,042,145
Danish International Development Agency (DANIDA)	38,985
Netherlands	88,881
Miscellaneous	22,077

This represents the balance due in respect of funds allocated to projects, some of which extend over the years 1974, 1975 and 1976;

- (iii) The miscellaneous accounts receivable amounted to \$83,434 comprising various advances to staff members (\$33,387), accrued interest (\$41,704) and miscellaneous (\$8,343). These items are all in course of recovery.

(b) Liabilities

- (i) Accounts payable of \$48,154 are composed of accounts to be invoiced (\$7,000), suspense items (\$14,926), requests to other offices to pay staff members in the field (\$2,085), dues for accommodations (\$12,911), and miscellaneous (\$11,232);
- (ii) Reserves total \$259,960 and comprise one of \$67,802 which is for the purpose of meeting separation payments and which is derived from the difference between the standard costs utilized for recording staff salaries and the actual costs incurred. The other is a projects reserve. In previous years it was the practice to apportion to the individual projects interest accruing from the investment of temporarily unallocated funds together with any profit on exchange. In 1973 the apportionment has been made to individual donors, thus providing for the majority a small reserve which may be used by the Centre to help meet future losses on exchange or other small sums that may be needed for their projects. The amount held as at 31 December 1973 totalled \$192,158;

- (iii) Unallocated trust funds. The funds held by the Centre at 31 December 1973 amounted to \$361,719. The major part of this sum was being held pending final approval of new, or the extension of existing projects. The \$361,719 was attributable to SIDA (\$24,852), the Norwegian Agency for International Development (NORAD) (\$278,721), and miscellaneous (\$58,146).

Statement II. Income and expenditure -- General Fund -- for the year ended  
31 December 1973

11. Income

- (a) Contributions. The United Nations General Assembly, in resolution 3044 A (XXVII) of 19 December 1972, and the GATT Contracting Parties, in document SR.28/2 and Corr.1, originally approved contributions of \$1,138,400 each for a total of \$2,276,800. Additional contributions totalling \$318,000 were received as a result of supplementary appropriations being granted (GATT document C/M/91 and United Nations General Assembly resolution 3195 A (XXVIII) of 18 December 1973 refer). The revised total contribution of \$2,594,800 was received by the Centre;
- (b) Miscellaneous income. Against the estimate of \$26,342, the income received amounted to \$10,747. The yield from investments was \$4,247 less than anticipated owing to the adoption by the contributing organizations of the system of payment of contributions by instalment. There was also a shortfall in receipts from the sale of publications of \$7,429 from a deliberate policy of discouraging sales in developed countries. There was a loss on exchange of \$16,779. However, this could be considered largely offset by the savings on the liquidation this year of the previous year's obligations of \$9,858 and the refund of the organization's contributions to the United Nations Joint Staff Pension Fund of \$5,995;
- (c) Transfer from surplus. The sum of \$2,358, representing the 1972 surplus, was transferred to income in accordance with legislative action;
- (d) Contributions towards overhead costs relating to extrabudgetary projects. The contributions received in 1973 amounted to \$454,132. The contributions to the overhead costs relating to the extrabudgetary projects were less than estimated by \$46,466 for the United Nations Development Programme (UNDP) and were \$1,303 more than estimated for the trust funds. An amount of \$45,163, shown as received from other sources, was received to cover overhead costs in carrying out special training programmes in association with two particular countries;
- (e) The actual income received in 1973 fell short of the revised estimates by \$15,595;
- (f) Surplus. Expenditures amounted to \$3,057,730 against income of \$3,062,037, giving an excess of income over expenditure of \$4,307 which is carried to surplus.

Statement III. 1973 budget appropriations, obligations incurred and unencumbered balance of appropriations

12. Appropriations. The appropriations for the year were originally approved at a level of \$2,751,500 (see GATT document L/3747) and included in the UNCTAD contribution in the 1973 estimates approved by United Nations General Assembly resolution 3044 A (XXVII). This was increased by \$318,000 following the approval of supplementary appropriations by United Nations General Assembly resolution 3195 A (XXVIII) and by the GATT Council (document C/M/91). These supplementary appropriations were granted to meet additional budgetary requirements arising from currency realignments. The total appropriation of \$3,069,500 was apportioned as follows: \$2,623,500 to part I - Secretariat and \$446,000 to part II - overhead costs relating to extrabudgetary projects. Because of the contingent nature of the estimates for part II, it is recognized that the expenditure chargeable thereto is limited to the sum actually received by the way of overhead contributions. During the year, an amount of \$8,132 was received over and above the original estimate providing total appropriations for the year of \$454,132 in part II and \$3,077,632 over-all.

13. Obligations incurred. The total obligations incurred amounted to \$3,057,730, giving a budgetary surplus of \$19,902. This surplus was derived from net savings on part I, mainly under section 3 - Travel on official business, and section 6 - General expenses. Expenditures under general expenses on postage and freight were less than estimated. Expenditures on certain staff costs, i.e. travel and removal expenses on appointment and separation, and separation payments, were more than estimated due to unforeseen appointments and departures and the over-spending was met by transfers from sections 1 and 6 as recorded in statement III. Transfers were also made within part II, from section 9 - Travel on official business, to section 8 - Salaries and wages, and section 10 - General expenses.

Statement IV. Trust funds for extrabudgetary projects. Balance available from previous year, allocations and expenditures in 1973 and balance at 31 December 1973

14. Allocations. The total funds allocated to ongoing projects for 1973 amounted to \$7,291,346 against which there was an expenditure of \$2,236,481, which was reduced by a refund of the previous year's expenditure of \$219 to \$2,236,262. Of this amount \$1,990,827 was for project expenditures and \$245,435 for overhead contributions. The balance of the allocations as at 31 December 1973 was \$5,055,084 of which \$2,192,088 was recorded in statement I as contributions receivable.

Ex-gratia payments and write-offs

15. In accordance with financial regulations 10.3 and 10.4, it is reported that no ex-gratia payments were made or losses or deficiencies written off from any funds or accounts covered by this report.

## II. AUDIT OPINION

We have examined the following appended financial statements, numbered I to IV, properly identified, and relevant schedules of the International Trade Centre UNCTAD/GATT for the year ended 31 December 1973. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination we are of the opinion that the financial statements properly reflect the recorded financial transaction for the year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position of the Centre as at 31 December 1973.

(Signed) J. E. ESCALLON O.  
Controller-General of Colombia

(Signed) J. J. MACDONELL  
Auditor-General of Canada

(Signed) A. HAMID  
Auditor-General of Pakistan

25 June 1974

III. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1973

Combined statement of assets, liabilities and fund balances as at 31 December 1973

STATEMENT I

Assets

I. General Fund  
Current assets

Cash in banks and on hand  
Accounts receivable  
GATT: held for ITC in cash and deposits  
Prepaid expenses

1972	1973
1 258	159 411
102 197	89 134
101 201	-
14 603	7 228

Total assets

219 259

II. Trust funds

Current assets

Cash in bank  
Imprest accounts  
Deposit accounts (schedule 1)  
Accounts receivable  
Due from ITC General Fund  
GATT: held for ITC in cash and deposits  
Contributions receivable  
Total current assets

-	130 121
-	4 050
-	3 311 092
-	83 434
(63 674)	45 408
2 647 374	-
467 560	2 192 088
3 051 260	5 766 193

II. Trust funds

Current liabilities

Accounts payable  
Due to United Nations OTC  
Due to United Nations  
Total liabilities

-	48 154
-	33 889
-	7 387
-	89 430

Reserves

Projects reserve  
For separation payments  
Total reserves

-	192 158
18 779	67 802
18 779	259 960

Balance of funds

Balance available 1 January  
Add: Excess of income over expenditure  
Balance of allocated funds  
Unallocated funds  
Balance at 31 December  
Total liabilities, reserves and fund balance

-	2 918 818
2 918 818	2 136 266
113 663	5 055 084
3 032 481	361 719
3 032 481	5 416 803

III. Grand total, all funds

3 270 519

6 021 966

Notes: (1) Furniture, equipment and vehicles are charged to the budget at the time of purchase; the value at cost of the items still held at 31 December 1973 was \$72,158.

(2) Stocks of publications, for sale and for free distribution, were held.

CERTIFIED CORRECT

(Signed) W. H. ZIEHL  
Acting Head  
Office of Financial Services

31 March 1974

Liabilities and fund balances

I. General Fund

Current liabilities

Unliquidated obligations  
Provision for losses or returns in respect of publication sales  
Accounts payable  
Due to United Nations  
Due to ITC trust funds  
Deferred income

146 122	81 973
3 513	3 507
119 166	75 645
-	33 179
(63 674)	45 408
20	-
205 147	239 712

Fund balance

Balance 1 January  
Less: Appropriated for current year's expenditure

18 722	14 112
--------	--------

Balance, appropriated for following year's expenditure

16 364	2 358
--------	-------

Add: Excess of income over expenditure per statement II

2 358	11 754
-------	--------

Balance at 31 December

11 754	4 307
--------	-------

Total liabilities and fund balance

219 259	255 773
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## Income and expenditure - General Fund - for the year ended 31 December 1972

	Original estimates	Supplementary estimates	Revised estimates	Income received in 1972	Percentage	Excess or (shortfall)	Income received in 1972	Percentage
Contributions	\$	\$	\$	\$		\$	\$	
From GATT	1 138 400	159 000	1 297 400	1 297 400	42.37	-	980 110	43.30
From UNCTAD	1 138 400	159 000	1 297 400	1 297 400	42.37	-	980 110	43.30
Transfer from surplus account	2 358	-	2 358	2 358	0.08	-	16 364	0.72
Savings in liquidation of prior year's obligations	-	-	-	2 558	0.02	2 558	3 421	0.15
Loss on exchange	-	-	-	(16 779)	(0.55)	(16 779)	(8 748)	(0.39)
Refund of the organization's contributions to the United Nations Joint Staff Pension Fund in respect of withdrawal of participants	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	5 395	0.19	5 395	3 275	0.37
Interest	6 000	-	6 000	1 753	0.06	(4 247)	13 542	0.60
Sales of publications	17 000	-	17 000	5 571	0.31	(7 429)	19 301	0.85
Other	3 342	-	3 342	349	0.01	(2 993)	268	0.01
Subtotal	2 305 500	318 000	2 623 500	2 607 305		(15 595)	2 012 643	
Contributions towards overhead costs relating to extra-budgetary projects from:								
Trust funds	236 000	8 132	244 132	245 435	8.02	1 303	131 253	5.80
UNDP	210 000	-	210 000	163 534	5.34	(46 466)	119 800	5.29
Other sources	-	-	-	45 163	1.48	45 163	-	-
Subtotal	446 000	8 132	454 132	454 132		-	251 053	
Total	2 751 500	326 123	3 077 632	3 062 037	100.00	(15 595)	2 263 696	100.00
Obligations incurred per statement III				3 057 730			2 251 763	
Write-off				-			179	
Total				3 057 730			2 251 942	
Excess of income over expenditure carried to Fund balance, per statement I				4 307			11 754	

CERTIFIED CORRECT

(Signed) W. H. ZIEHL  
Acting Head  
Office of Financial Services

31 March 1974

a/ The expenditures estimates under part II may be exceeded in parallel with any increase of actual receipts of such contributions to ensure effective backstopping of such projects (GATT document L/3527).

(Signed) W. H. ZIEHL  
Acting Head  
Office of Finance

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## STATEMENT IV

Trust funds for extrabudgetary projects. Balance available from previous year, allocations and expenditures in 1973 and balance at 31 December 1973

<u>Donor</u>	<u>Balance at</u> <u>31 December</u> <u>1972</u>	<u>Allocations</u>	<u>Total</u> <u>available</u>	<u>Project</u> <u>expenditure</u>	<u>Overhead</u> <u>contributions</u>	<u>Total</u> <u>expenditure</u>	<u>Balance at</u> <u>31 December</u> <u>1973</u>
	\$	\$	\$	\$	\$	\$	\$
Swedish International Development Agency	1 926 892	2 244 039	4 170 931	1 047 035	124 276	1 171 311	2 999 620
Sweden	-	1 174 495	1 174 495	47 137	6 128	53 265	1 121 230
Norwegian Agency for International Development	491 185	297 561	788 746	274 403	34 492	308 895	479 851
Finland	303 168	168 080	471 248	268 801	34 663	303 464	167 784
Netherlands	115 754	258 363	374 117	242 487	31 524	274 011	100 106
Danish International Development Agency	63 773	90 100	153 873	2 481	322	2 803	151 070
Germany, Federal Republic of	-	65 000	65 000	34 325	4 462	38 787	26 213
Japan	-	50 536	50 536	44 722	5 814	50 536	-
Brazil	-	30 077	30 077	18 615	2 420	21 035	9 042
Switzerland	8 825	348	9 173	8 118	1 055	9 173	-
Trinidad and Tobago	3 150	-	3 150	2 703	279	2 982	168
Belgium	6 071	(6 071)	-	-	-	-	-
	<u>2 918 818</u>	<u>4 372 528</u>	<u>7 291 346</u>	<u>1 990 827</u>	<u>245 435</u>	<u>2 236 262</u>	<u>5 055 084</u>

CERTIFIED CORRECT

(Signed) W. H. ZIEHL  
Acting Head  
Office of Financial Services

31 March 1974

SCHEDULES TO THE ACCOUNTS

# SCHEDULE 1

## Deposit accounts of trust funds as at 31 December 1973

<u>Bank</u>	<u>Period and currency</u>	<u>Principal</u>	<u>Accrued interest</u>
		\$	\$
Kleinwort and Benson Ltd., London	24 Oct. 1973 to 24 Jan. 1974, US dollars	690,493	12,449.89
Lloyds and Bolsa Ltd., London	5 Dec. 1973 to 5 Mar. 1974, US dollars	555,911	4,115.28
Kleinwort and Benson Ltd., London	23 Nov. 1973 to 25 Feb. 1974, US dollars	700,000	6,912.50
Kleinwort and Benson Ltd., London	20 Dec. 1973 to 20 Mar. 1974, US dollars	455,750	1,444.79
Kleinwort and Benson Ltd., London	At call from 30 Sept. 1973, US dollars	533,938	13,268.73
Kleinwort and Benson Ltd., London	23 Nov. 1973 to 25 Feb. 1974, SF 1,200,000	375,000	3,513.00
		<hr/>	<hr/>
		3,311,092	41,704.00
		<hr/>	<hr/>

## SCHEDULE 2

### Trust funds for extrabudgetary projects. Previous year's allocations and expenditures, and balance at 31 December 1972

	<u>Allocations</u>	<u>Expenditures</u>	<u>Balance at 31 December 1972</u>
Swedish International Development Agency	3,475,811	1,548,919	1,926,892
Norwegian Agency for International Development	666,883	175,698	491,185
Finland	463,758	160,590	303,168
Netherlands	124,752	8,998	115,754
Danish International Development Agency	114,347	50,574	63,773
Switzerland	11,419	2,594	8,825
Trinidad and Tobago	5,000	1,850	3,150
Belgium	46,867	40,796	6,071
	<u>4,908,837</u>	<u>1,990,019</u>	<u>2,918,818</u>
	<u><u>4,908,837</u></u>	<u><u>1,990,019</u></u>	<u><u>2,918,818</u></u>

#### IV. REPORT OF THE BOARD OF AUDITORS

1. The Board of Auditors, established under General Assembly resolution 74 (I), is required to audit the accounts of the United Nations, including all trust funds and special accounts, in accordance with article XII of the Financial Regulations of the United Nations and with the annex to those Regulations entitled "Additional terms of reference governing the audit of the United Nations".
2. The auditing of the accounts of the International Trade Centre UNCTAD/GATT, which had been operated jointly by UNCTAD and GATT as an equal partnership, was transferred with the concurrence of the Advisory Committee on Administrative and Budgetary Questions from the External Auditors of GATT to the United Nations Board of Auditors in 1973.

##### Financial statements submitted for the year ended 31 December 1973

3. The Secretary-General submitted for audit the following financial statements together with two relevant schedules:

- |                |  |
|----------------|--|
| Statement I.   | Combined statement of assets, liabilities and fund balances as at 31 December 1973.  |
| Statement II.  | Income and expenditure - General Fund - for the year ended 31 December 1973.   |
| Statement III. | 1973 budget appropriations, obligations incurred and unencumbered balance of appropriations.   |
| Statement IV.  | Trust funds for extrabudgetary projects. Balance available from previous year, allocations and expenditures in 1973 and balance at 31 December 1973. |

##### Delay in submission of annual accounts

4. According to United Nations financial regulation 11.4, "the annual accounts shall be submitted by the Secretary-General to the Board of Auditors not later than 31 March following the end of the financial year". The certified annual accounts of the International Trade Centre UNCTAD/GATT for the year 1973 were not submitted to the Board of Auditors until 23 May 1974.

##### Scope of audit

5. The scope of audit of the Board of Auditors is governed by the Financial Regulations, which state that:

"The audit shall be conducted in conformity with generally accepted

common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

"The Board of Auditors may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial control and, in general, the administration and management of the Organization.

"The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

"The Advisory Committee on Administrative and Budgetary Questions may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results."

6. Paragraph 1 of the annex to the Financial Regulations referred to above requires that:

"The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

"(a) That the financial statements are in accord with the books and records of the Organization;

"(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;

"(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

"(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

"(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits."

7. The Board's examination was carried out in accordance with the Financial Regulations and Rules of the United Nations and in conformity with generally accepted auditing standards. It included a general review of the accounting procedures and system of internal control and such tests of the accounting records and supporting evidence as were considered necessary in the circumstances.

8. The Board has provided the Secretary-General of the United Nations, the Director of the Centre and the Advisory Committee on Administrative and Budgetary Questions with copies of this report. In addition, copies have been sent to the Secretary-General of UNCTAD and the Director-General of GATT.

## Administrative and financial arrangements of the Centre

9. The International Trade Centre UNCTAD/GATT was established on 1 January 1968 in pursuance of General Assembly resolution 2297 (XXII) of 12 December 1967 and the decision of the Contracting Parties to the General Agreement on Tariffs and Trade dated 22 November 1967 (GATT document SR.24/14). Under the legislative authority granted, the Centre's budget and work programme are determined by the governing bodies of UNCTAD and GATT on the basis of recommendations made annually by the Joint UNCTAD/GATT Advisory Group on the International Trade Centre.
10. Paragraph 2 of the above resolution authorized the Secretary-General of UNCTAD to come to an agreement with the Director-General of GATT on the detailed administrative arrangements for the Centre for 1968. Those arrangements provided for the Director-General of GATT to have responsibility for budgetary and financial control of the Centre's regular budget and extrabudgetary funds and for the administration of the Centre to be conducted under the general financial regulations and administrative procedures of GATT.
11. In November 1972, the Director-General of GATT and the Secretary-General of UNCTAD completed a joint review of the original administrative and financial arrangements for the Centre. The report thereon (GATT document C/W/212) suggested a number of changes, including the relinquishment by the Director-General of GATT, with effect from 1 January 1973, of his responsibility for administrative and financial control of the Centre. The joint recommendations were approved by the GATT Council in December 1972. The Director-General of GATT and the Secretary-General of UNCTAD subsequently arranged for the Centre itself to assume responsibility for budgetary control and for the United Nations Office at Geneva to take over responsibility for financial control.
12. The Board has noted that the Joint UNCTAD/GATT Advisory Group on the International Trade Centre issued a report (ITC/AG(VII)/37) dated 30 January 1974 in which it recommended, among other things, that the Secretariat of the United Nations including UNCTAD, as well as the secretariats of GATT and ITC, should undertake consultations to formulate proposals for administrative and financial arrangements for the Centre, which should take into account the medium-term and long-term operational needs of the Centre and not merely be directed to the solution of current problems.
13. The Board is of the opinion that the existing administrative and financial arrangements referred to in paragraph 11 require further consideration by all parties concerned and recommends that immediate steps be taken to clarify those arrangements to the mutual satisfaction of the executive heads of UNCTAD and GATT.

### Budgetary appropriations

14. Under the budgetary procedures in operation, the 1973 budget estimates for the Centre, prepared jointly by UNCTAD and GATT, were originally approved by the General Assembly and the GATT Contracting Parties at a level of \$2,751,500. This amount was then increased by \$318,000 to \$3,069,500 to meet additional budgetary requirements arising from currency realignments.

15. The revised total appropriations were shared equally by UNCTAD and GATT in accordance with the principle of equal partnership. The United Nations General Assembly considered and approved the UNCTAD contribution to the Centre as a separate chapter under section 15 of the regular budget. Obligations totalled \$3,057,730, of which the amount of \$2,603,598 was incurred under part I - Secretariat and \$454,132 under part II - UNDP and trust fund overhead.

#### Trust funds for extrabudgetary projects

16. Trust funds of the Centre were established to finance projects related to the field of export promotion and are financed by voluntary contributions.

17. As shown in statement IV, an amount of \$2,918,818 was available as at 1 January 1973 for the continuation of projects established in previous years. During 1973 allocations were made for new projects or the extension of existing projects in the amount of \$4,372,528. Therefore the total amount available for trust fund projects in 1973 was \$7,291,346.

18. Total expenditures in 1973 on trust fund projects were \$2,236,262, leaving an available balance of \$5,055,084. In addition, statement I shows an amount of \$361,719 representing unallocated funds which have been held pending approval of new, or the extension of existing projects. At the end of 1972, the corresponding amount in unallocated funds was \$113,663.

19. It is the Board's opinion that in order to prevent the continuous increase of unallocated funds, the Joint UNCTAD/GATT Advisory Group should review their use and determine their final disposition.

#### Acknowledgement

The Board of Auditors records its appreciation for the co-operation and assistance extended by the Director of the International Trade Centre and the Secretary-General of UNCTAD and their associates.

(Signed) J. E. ESCALLON O.  
Controller-General of Colombia

(Signed) J. J. MACDONELL  
Auditor-General of Canada

(Signed) A. HAMID  
Auditor-General of Pakistan

25 June 1974



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