

**UNITED NATIONS
INSTITUTE FOR TRAINING AND RESEARCH**

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

GENERAL ASSEMBLY

OFFICIAL RECORDS: TWENTY-NINTH SESSION

SUPPLEMENT No. 7D (A/9607/Add.4)



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UNITED NATIONS

New York, 1974

NOTE

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CONTENTS

<u>Chapter</u>	<u>Page</u>
Letters of transmittal	iv
I. Financial report for the year ended 31 December 1973	1
II. Audit opinion	3
III. Accounts for the year ended 31 December 1973	4
<u>Statement I.</u> Combined statement of assets, liabilities and Fund balance as at 31 December 1973	5
<u>Statement II.</u> Statement of income and expenditure - General Fund for the year ended 31 December 1973	6
<u>Statement III.</u> Statement of income and expenditure - Special-purpose Grants Fund for the year ended 31 December 1973	7
<u>Schedule 1.</u> Status of contributions pledged as at 31 December 1973	8
<u>Schedule 2.</u> Obligations incurred for the year ended 31 December 1973	9
<u>Schedule 3.</u> Special-purpose grants - Status of the grants as at 31 December 1973	10
IV. Report of the Board of Auditors	11

LETTERS OF TRANSMITTAL

25 April 1974

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1973, which I hereby approve.

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

Accept, Sir, the assurances of my highest consideration.

(Signed) Davidson NICOL
Executive Director
Under-Secretary-General

The Chairman of the Board of Auditors
New York

25 June 1974

Sir,

..... I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the year ended 31 December 1973 which were submitted by the Executive Director of the Institute. 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 accounts of the United Nations Institute for Training and Research for the year ended 31 December 1973.

Accept, Sir, the assurances of my highest consideration.

(Signed) J. E. ESCALLON O.
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

The Executive Director has the honour to submit herewith the financial report of the United Nations Institute for Training and Research for the year ended 31 December 1973, together with the audited accounts for the year ended 31 December 1973 comprising three statements supported by three schedules. The report is presented in accordance with subparagraph 3 (i) of article IV of the statute of the Institute, enacted in November 1965 1/ and amended in March 1967 2/ and June 1973. 3/

Statement I shows that the combined assets for the General Fund and the Special-purpose Grants Fund amounted to \$2,650,272 at 31 December 1973 and included, inter alia, \$356,341 in contributions receivable from Governments and \$465,000 in capital assets donated to the Institute. It will be seen that the Institute's assets exceeded its liabilities in the General Fund and the Special-purpose Grants Fund at year-end by \$975,946 and \$606,833, respectively. These balances are carried forward, unencumbered, to the 1974 financial year and are exclusive of that portion of the contributions receivable which relates to future years (\$187,986), as well as the aforementioned donated capital assets (\$465,000).

The total income available to the General Fund during 1973 amounted to \$2,288,031, of which \$823,916 was carried forward from 1972 and \$1,464,115 relates to 1973 (see statement II). As shown in statement II and in schedule 2, obligations were incurred in 1973 in the amount of \$1,312,085; these compare with \$1,330,845 in the preceding year. The format of schedule 2 has been amended to provide the summary by major objects of expenditure, which was shown in paragraph 3 of the financial report for the year ended 31 December 1972.

The amount of \$258,321 in schedule 2 shown under "administration" in 1973 covers the Office of the Director of Administration, the Finance and Personnel Administration Section and Common Services, excluding the library. The amount of \$642,324 shown under "programme activities" includes expenditures in respect of the Studies Department and project expenditures under other chapters. The increase of \$34,594 in general expenses is due to the general increase in taxes, land rents and maintenance costs in New York. The major items included under "Other general expenses" are furniture, fixtures and equipment (\$19,191) communications (\$14,395) and external audit (\$13,000). It may be stated that management, administrative and general expenses relate not only to those programme activities financed from the General Fund, but also to those financed from special-purpose grants.

1/ Official Records of the Economic and Social Council, Forty-first Session, Annexes, agenda item 28, document E/4200, annex I.

2/ Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 45, document A/6875, annex III.

3/ Ibid., Twenty-eighth Session, Supplement No. 14 (A/9014), chap. I, para. 6.

Schedule 1 provides a breakdown of governmental contributions pledged and paid. It shows that, during 1973, 33 Governments paid a total of \$1,286,030 against their current and prior years' pledges, leaving \$168,355 unpaid. Included in this amount of pledged contributions receivable from Governments are various unpaid pledges totalling \$70,432, which are considered doubtful. The recommendation of the Board of Auditors that there should be reflected in the accounts the degree to which the outstanding pledges receivable from some Governments for prior years were collectible, was studied and was submitted to the Board of Trustees, which directed that, if further efforts to collect these pledges proved fruitless, they should be submitted for write-off action in accordance with financial rule 110.14. Six Governments have pledged \$187,986 for 1974 and subsequent years, bringing the total amount of pledges outstanding at year-end to \$356,341.

As shown in schedule 3, an amount of \$849,347 became available in 1973 in respect of the programmes financed under special-purpose grants, against which obligations were incurred in the amount of \$242,514, thus leaving an unused balance of \$606,833 at year-end.

Action taken on observations and recommendations made by the
Board of Auditors in its report to the General Assembly on the
UNITAR Accounts for the year ended 31 December 1972

In its resolution 3053 E (XXVIII) accepting the financial report and accounts of UNITAR for the year ended 31 December 1972 and the audit opinion of the Board of Auditors, the General Assembly requested the Executive Director to take such remedial action as might be required by the comments of the Board of Auditors. The Board of Auditors indicated in their report on the 1972 accounts that remedial action had been initiated by the management and it is now reported that the recommendations made in paragraphs 30 to 34, inclusive, of the report of the Board of Auditors have been implemented to a large extent. 4/

The Board of Auditors commented that the submission of the 1972 accounts on 11 May 1973 had caused them great difficulties and pressures in examining the accounts and finalizing the audit report. 5/ Therefore, the draft of the 1973 accounts was submitted to the auditors on 2 April 1974 and the signed accounts were delivered on 25 April 1974.

The Office of Legal Affairs is continuing its efforts to obtain exemption from New York City property taxes for the UNITAR building. In the meantime, payment has been made under protest.

4/ Ibid., Supplement No. 7D (A/9007/Add.4), chap. IV.

5/ Ibid., paras. 6 and 7.

II. AUDIT OPINION

We have examined the following appended statement of status of funds, properly identified, and relevant schedules of the United Nations Institute for Training and Research 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 transactions for the year, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position 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

STATEMENT I

Combined statement of assets, liabilities and Fund balance as at 31 December 1973

LIABILITIES AND FUND BALANCE

ASSETS		LIABILITIES AND FUND BALANCE	
	\$		\$
I. General Fund			
<u>Current assets</u>			
Cash in banks and on hand	17 904	Accounts payable	10 354
Interest-bearing bank account	1 041 687	Due to held-in-trust for Special-purpose Grants Fund	113 282
Special trust deposit - savings account	8 615	Provision for unliquidated obligations:	
Total	1 068 206	For 1972	16 977
Pledged contributions receivable from Governments (see schedule 1)	356 341	For 1973	80 829
Miscellaneous accounts receivable	4 391	Total	97 806
Accrued interest receivable	38 617	Total current liabilities	221 442
Total	399 349	Deferred contributions and income (see schedule 1)	187 986
Total current assets	1 467 555	Investments in capital assets financed from donated funds	465 000
<u>Capital assets</u>		Due to United Nations General Fund	137 811
Leasehold and building	465 000	Fund balance	
Other assets		Balance 1 January 1973	823 916
Collateral on leasehold	55 630	Add: Excess of income over expenditure (see statement II)	152 030
Total assets	1 988 185	Balance 31 December 1973	975 946
II. Held-in-trust for Special-purpose Grants Fund			
<u>Current assets</u>			
Cash in banks and on hand	528 409	Total liabilities and Fund balance	1 988 185
Due from UNITAR General Fund	113 282	Held-in-trust for Special purpose Grants Fund	
Accounts receivable	20 396	<u>Current liabilities</u>	
Total current assets	662 087	Provision for unliquidated obligations	
Total current assets	662 087	For 1972	30 347
Grand total all Funds	2 650 272	For 1973	24 907
		Total current liabilities	55 254
		Fund balance	
		Balance 1 January 1973	527 353
		Excess of income over expenditures	79 480
		Balance 31 December 1973	606 833
		Total liabilities and Fund balance	662 087
		Grand Total all Funds	2 650 272
III. General Fund			
<u>Current assets</u>			
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		Balance 31 December 1973	606 833
		Total liabilities and Fund balance	662 087
		Grand Total all Funds	2 650 272

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

New York, 31 March 1974

Statement of income and expenditure - General Fund
for the year ended 31 December 1973

	\$	\$
<u>Income</u>		
Government contributions for the current year		1 313 004
Interest income		82 834
Rental income		11 614
Sale of publications		11 143
Refund of prior years' expenditures		5 091
Savings in liquidation of prior years' obligations		3 224
Miscellaneous income		37 201
Public donations		<u>4</u>
Total income		1 464 115
 <u>Less: Expenditures^{a/}</u>		
Salaries	761 841	
Ancillary allowances	136 497	
Education grant	13 281	
Income tax reimbursement	52 699	
Home leave, appointment and separation travel	24 142	
Other travel	67 800	
Communications	24 272	
Premises	150 674	
External audit	13 000	
Printing and ancillary expenditures	32 522	
Miscellaneous	<u>35 357</u>	
Total expenditures		<u>1 312 085</u>
Excess of income over expenditures		<u><u>152 030</u></u>

a/ See schedule 2 for details of expenditures.

CERTIFIED CORRECT

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

New York, 31 March 1974

Statement of income and expenditure - Special-purpose Grants Fund
for the year ended 31 December 1973

	\$	\$
<u>Income</u>		
Grants		313 597
Other income and adjustments		<u>8 397</u>
Total income		321 994
 <u>Less:</u>		
Expenditures		
Personal services	206 388	
Subcontracts	24 009	
Training (fellowships)	3 332	
Equipment and supplies	700	
Administrative overhead	-	
Other	<u>8 085</u>	
Total expenditures		<u>242 514</u>
Excess of income over expenditure		<u><u>79 480</u></u>

CERTIFIED CORRECT

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

New York, 31 March 1974

SCHEDULE I

Status of contributions pledged as at 31 December 1972

Governments	Pledged for current year and prior years			Pledged for subsequent years			Total	
	Unpaid balance 1 January 1973	Pledged in		Unpaid balance 1 January 1973	Pledged in			Total
		1973	prior years		current year	after 1974		
Algeria	-	5 000	-	-	-	-	5 000	
Argentina	-	15 000	-	-	-	-	-	
Austria	-	7 000	15 000	-	-	-	-	
Belgium	-	60 452	7 000	-	-	-	60 452	
Brazil	20 000	-	20 000	-	-	-	-	
Canada	-	60 000	60 000	-	-	-	-	
Denmark	-	25 000	25 000	25 000	-	-	25 000	
Dominican Republic	2 000	-	-	-	-	-	2 000	
Ecuador	19 904	-	482	-	-	-	19 422	
Egypt	3 901	-	-	-	-	-	3 901	
Finland	-	25 000	25 000	-	-	-	-	
France	-	22 353	22 353	-	-	-	-	
Germany, Federal Republic of	-	205 900	205 900	-	-	-	-	
Greece	-	7 500	7 500	-	-	-	-	
Guinea	15 000	-	-	-	-	-	15 000	
India	-	39 696	39 696	-	-	-	-	
Indonesia	1 500	-	500	500	-	-	2 500	
Iran	-	10 000	10 000	-	-	-	-	
Iraq	-	10 000	10 000	-	-	-	-	
Ivory Coast	-	24 631	24 631	-	-	-	-	
Japan	-	40 000	40 000	-	-	-	-	
Jordan	2 000	-	2 000	-	-	-	2 000	
Kenya	-	2 000	2 000	-	-	-	-	
Liberia	-	1 500	1 500	-	-	-	-	
Mali	8 000	-	-	-	-	-	8 000	
Malta	1 200	-	1 200	600	-	-	1 200	
Mauritania	5 000	-	-	-	-	-	5 000	
Mauritius	187	-	-	-	-	-	187	
Nepal	1 000	-	1 000	-	-	-	1 000	
New Zealand	-	1 435	7 390	23 821	-	-	23 821	
Norway	-	43 860	43 860	-	-	-	-	
Pakistan	-	8 000	8 000	-	-	-	-	
Senegal	11 862	-	-	-	-	-	11 862	
Sri Lanka	-	987	987	-	-	-	-	
Sudan	-	-	-	-	-	-	-	
Sweden	15 000	-	10 001	-	-	-	4 999	
Switzerland	-	3 104	66 262	-	-	-	-	
Thailand	-	10 031	49 505	39 474	-	-	39 474	
Uganda	-	4 100	4 100	-	-	-	-	
Union of Soviet Socialist Republics	17 327 ^a	(895)	-	-	-	-	16 432	
United Kingdom of Great Britain and Northern Ireland	-	40 000	40 000	-	-	-	-	
United Republic of Tanzania	-	7 469	106 061	98 591	-	-	98 591	
United States of America	-	5 602	5 602	-	-	-	-	
Upper Volta	-	400 000	400 000	-	-	-	-	
Uruguay	12 000	-	-	-	-	-	12 000	
Venezuela	500	-	-	-	-	-	500	
Yugoslavia	5 000	-	20 000	-	-	-	-	
	<u>141 381</u>	<u>1 074 725</u>	<u>238 279</u>	<u>1 454 385</u>	<u>1 286 030</u>	<u>168 355</u>	<u>187 986</u>	
				<u>187 986</u>	<u>170 120</u>		<u>17 866 356 341</u>	

^a/ \$20 000, reduced by \$2 673, being reserve for revaluation of pledge brought forward from 1972.

SCHEDULE 2

Obligations incurred for the year ended 31 December 1973

	Obligations incurred			
	Approved budget	Disbursements	Unliquidated obligations	Total
	\$	\$	\$	\$
A. <u>Management</u>				
Board of Trustees	30 000	29 219	45	29 264
Office of the Executive Director	99 700	85 171	2 292	87 463
Total, Part A	129 700	114 390	2 337	116 727
B. <u>Programme activities</u>				
Studies	777 700	598 911	43 413	642 324
Staff College		-	-	-
Total, Part B	777 700	598 911	43 413	642 324
C. <u>Common services</u>				
Administration	273 000	246 470	11 851	258 321
D. <u>General expenses</u>				
Maintenance, operation and improvement to premises	151 000	139 905	10 769	150 674
Furniture, fixtures and equipment	18 000	15 414	3 777	19 191
Communications	21 000	14 380	15	14 395
Miscellaneous supplies	1 000	9 844	52	9 896
Hospitality	3 000	2 533		2 533
Fund-raising	5 000	2 780	19	2 799
External audit	13 000	6 314	6 686	13 000
Total, Part D	212 000	191 170	21 318	212 488
E. Geneva office	100 000	80 316	1 909	82 225
Grand total, Parts A to E	1 492 400	1 231 257	80 828	1 312 085

SCHEDULE 3

Special-purpose grants

Status as at 31 December 1973

	Total funds available				Obligations incurred			Unencumbered balance 31 December 1973
	Unencumbered balance 31 December 1972	Grants received in 1973	Other income and adjustments	Total available for 1973	Expenditure	Unliquidated obligations	Total expenditures	
	\$	\$	\$	\$	\$	\$	\$	
Volkswagen Foundation - Grant for research	41 716	24 205	4 360	70 281	44 220	-	44 220	26 061
Institute for International Order	45	-	822	867	-	-	-	867
Beulah Edge and Rountree Trust - Research for peaceful settlements	30 263	-	(9)	30 254	30 000	-	30 000	254
Beulah Edge and Rountree Trust - 1973 grant	-	50 000	-	50 000	15 100	937	16 037	33 963
Ford Foundation - Planning future research	1 109	-	-	1 109	1 108	-	1 108	1
France - "Brain drain" Project	280	-	-	280	-	-	-	280
Fund for Peace Grant - Peaceful settlement	2 944	-	-	2 944	847	2 000	2 847	97
Argentina - Financial and legal aspects of international waterways	9 446	-	-	9 446	230	-	230	9 216
Union of Soviet Socialist Republics - Fund for training and research	340 623	134 049	4 723	479 395	1 926	-	1 926	477 469
Kettering Grant - World youth project	886	-	-	886	174	-	174	712
Hungary - Fund for training and research	6 679	4 016	(175)	10 520	1 273	830	2 103	8 417
Sweden - Staff college project	3 967	-	-	3 967	-	-	-	3 967
Sweden - Regional seminars in procurement training	66 250	61 327	-	127 577	106 719	20 390	127 109	468
Germany, Federal Republic of - Miscellaneous	20 127	-	-	20 127	-	-	-	20 127
Fiat - Commission on the Future	3 018	-	(1 324)	1 694	1 694	-	1 694	-
Rockefeller Foundation	-	40 000	-	40 000	14 316	750	15 066	24 934
	527 353	313 597	8 397	849 347	217 607	24 907	242 514	606 833

IV. REPORT OF THE BOARD OF AUDITORS

1. The Board of Auditors, established under General Assembly resolution 74 (I), is required, by virtue of article VIII, paragraph 6, of the statute of the United Nations Institute for Training and Research (UNITAR) to audit the accounts in accordance with article XII of the United Nations Financial Regulations and the annex to these Regulations. 1/
2. The Executive Director of the Institute submitted to the Board of Auditors for audit and certification the statement of status of funds and related schedules for the year ended 31 December 1973.

Scope of the Audit

3. The responsibilities of the Board of Auditors are governed by the principles set out in the annex to the Financial Regulations of the United Nations, referred to in article XII, paragraph 1 of which reads as follows:

"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 seems 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 liabilities and moneys on deposit and on hand have been verified and all receipts 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."

4. In addition to the above, the Board of Auditors may also make such observations as may be deemed necessary with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls, and, in general, the administration and management of the Organization.

1/ Official Records of the General Assembly, Twenty-second Session, Annexes, agenda item 45, document A/6875, annex III.

5. The examination of the accounts and financial statements has included a review of the accounting procedures and systems of internal control, tests of the transactions and accuracy of the accounting records and other supporting evidence to the extent considered necessary in the circumstances.

Audit Comments

Budgetary controls

6. In adopting the revised budget estimates for 1973, the Board of Trustees had "authorized the Executive Director to make such transfers between chapters and sections during the years 1972 and 1973 as may be necessary and appropriate for maintaining the flexibility and effectiveness of the operations, such transfers to be reported as soon as practicable by the Executive Director to the Board of Trustees" (UNITAR/EX/R.45, para. 16). In reviewing the internal financial controls, it was noticed that formal orders of transfer were not issued during the year, although reports of transfers from one chapter/section to another were later made to the Board of Trustees.

7. The Board recommends that formal orders of transfer should be issued as and when an occasion arises during the course of the year. Several other suggestions have been made for improving internal financial controls for watching the progress of expenditure against budget provisions. The Administration has agreed with our recommendations and has given assurances that they would be implemented as far as possible.

Determination of monthly stipend in respect of Special Fellows and Research Associates

8. The monthly stipend to be paid to a Special Fellow or Research Associate appointed by UNITAR is determined on the basis of his/her qualifications and experience. There is no doubt that the Administration determines the level at which the Fellow or Associate should be appointed after careful evaluation. Once the level has been decided upon, the actual amount of remuneration to be paid should be worked out in a systematic manner to be followed consistently. It was noticed however, that varying methods had been used in calculating the amount of remuneration. In some cases the remuneration was worked out in the same manner as would be applicable to a regular staff member, while in other cases it was fixed on an ad hoc basis. Had a consistent policy been followed in the case of the latter, the remuneration would have been lower.

9. The Board suggests that a clearly defined method be adopted for determining remuneration for Special Fellows and Research Associates and that it be consistently applied in all cases.

Expenditure by functional activities

10. The Board had pointed out that the percentage of expenditure on programme activities had gone down from 56.5 per cent in 1971 to 52 per cent in 1972, and had emphasized the need for effecting economies in general administrative expenditure.

11. It was again noted that the expenditure on programme activities had further gone down from 52 per cent in 1972 to 48.9 per cent in 1973.

12. The need for effecting economies in general administrative expenditure is reiterated so that the resources available to the Institute may be utilized to the maximum for its primary objectives of training and research.

Pledged contributions receivable from Governments

13. The Board of Auditors, in its report to the General Assembly on the accounts of UNITAR for the year ended 31 December 1970, had recommended that the degree to which the outstanding pledges receivable from some Governments were collectible should be clearly established and reflected in the books accordingly. 2/

14. A sum of \$356,341 was receivable from Governments as of 31 December 1973 on account of pledged contributions. Of this, \$82,983 has remained unpaid for more than three years, as detailed below:

	\$
1967	13,600
1968	23,284
1969	24,800
1970	<u>21,299</u>
	<u>82,983</u>

15. In some of these cases, firm pledges from Governments were not available. The need for implementing the earlier recommendation is reiterated so that accounts may reflect the factual position. The Administration is taking action in consultation with the Office of Financial Services.

Internal audit

16. Paragraph 1(d) of the annex to the Financial Regulations requires the Board of Auditors to satisfy itself that the internal controls, including internal audit, are adequate in the light of the extent of reliance placed thereupon.

17. The accounts of UNITAR for the year 1973 were not audited by the Internal Audit Service. It was stated that this was due to a shortage of staff resulting from several transfers and resignations. It is necessary that the internal audit for each year should be completed well in time and a report issued before the end of April of the following year in order to enable External Audit to evaluate the adequacy of internal controls.

2/ Ibid., Twenty-sixth Session, Supplement No. 7D (A/8407/Add.4), chap. II, para. 4.

Follow-up action on recommendations made in earlier reports

Delay in submission of annual accounts for 1973

18. The Board of Auditors had recommended that the prescribed date for submission of annual accounts (31 March) should be strictly adhered to. The accounts for 1973 were not received until 29 April 1974. The earlier recommendation is reiterated.

Real property taxes on UNITAR building

19. The Board of Auditors had recommended that the real property tax should continue to be paid under protest and that renewed efforts should be made to obtain exemption from payment of these taxes.

20. It was observed that, while the taxes were paid under protest, during the year ended 31 December 1973, no further approach had been made to the appropriate authorities to obtain exemption from payment of those taxes. This matter needs to be pursued vigorously.

Publication sales

21. It was pointed out that internal controls in respect of sales operations were not satisfactory and certain improvements in procedure were suggested.

22. The audit of the accounts of the year ended 31 December 1973 revealed considerable improvement, though it was observed that cash receipts were not issued on machine-numbered receipts. It is again stressed that machine-numbered receipts are necessary to ensure effective checks.

Acknowledgement

The Board appreciates the co-operation and assistance it received from the Executive Director and his staff and the Secretariat of the United Nations in the discharge of its duties.

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

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

(Signed) ABUL KALAM
Auditor-General of Pakistan

25 June 1974

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