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 MEETING**

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Chairman: Mr. Harry MORRIS (Liberia).

AGENDA ITEM 72

Financial reports and accounts for the financial year ended 31 December 1966 and reports of the Board of Auditors

At the invitation of the Chairman, Mr. Shah, representative of the Chairman of the Board of Auditors, took a place at the Committee table.

1. Mr. SHAH (Board of Auditors) said that the Chairman of the Board of Auditors regretted that he had been unable to come to New York to participate in the Committee's discussion of the Board's reports.

2. In accordance with its terms of reference, the Board had brought certain financial matters to the notice of the General Assembly. It had notified the Secretary-General and the Advisory Committee on Administrative and Budgetary Questions of other matters requiring their attention.

3. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, for the sake of economy, the Advisory Committee had departed from the procedure adopted in previous years and was presenting a single report (A/6673) covering the United Nations, UNDP, UNICEF, the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the voluntary funds administered by the United Nations High Commissioner for Refugees.

(a) United Nations (A/6706, A/6673, paras. 1-5)

4. The CHAIRMAN said that discussion of the financial report and accounts of the United Nations would be postponed until the report (A/6706) had been available in all languages for a sufficient length of time.

(b) United Nations Development Programme (A/6706/Add.1 and Corr.1, A/6673, paras. 6-8)

5. Mr. ZIEHL (United States of America) recalled that the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies had expressed the view^{1/} that the external auditors should be able to make observations not only on financial, but also on administrative and management matters. His delegation was glad that the Board of Auditors had felt able to comment on such matters in earlier reports and hoped that in future the Board would make observations on the administration and management of UNDP. The separate report on the Programme (A/6706/Add.1 and Corr.1, part II) was most useful and would help Member States to understand UNDP and its activities.

6. The CHAIRMAN suggested that the Committee should recommend to the General Assembly the adoption of the following draft resolution:

"The General Assembly,

"1. Accepts the financial report and accounts of the United Nations Development Programme for the financial year ended 31 December 1966 and the certificates of the Board of Auditors (A/6706/Add.1 and Corr.10);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-second session (A/6673, paras. 6-8)."

The draft resolution was adopted without objection.

(c) United Nations Children's Fund (A/6706/Add.2, A/6673, paras. 9-14)

7. Mr. ZIEHL (United States of America) noted that, following a suggestion of the Board of Auditors,^{2/} a study of the operational and structural organization of the Greeting Card Fund had been made by the Administrative Management Service of the Office of the Controller. It was encouraging, particularly in view of the need for broader auditing, to find that the auditors were drawing attention to matters requiring study.

8. There was a discrepancy between the form of certification used by the Board of Auditors in its report on UNICEF's accounts and the form laid down in the Financial Regulations of the United Nations. According to the letter of transmittal of the report

^{1/} See Official Records of the General Assembly, Twenty-first Session, Annexes, agenda item 80, document A/6343, para. 62.

^{2/} *Ibid.*, Nineteenth Session, Supplement No. 6A, part II, sect. C, para. 3.

the financial statements relating to UNICEF had been "examined and certified" by the Board of Auditors. Paragraph 8 of the annex to the Financial Regulations of the United Nations specified that certification should be given in the following terms:

"The financial statements... have been examined in accordance with our directions. We have obtained all the information and explanations that we have required, and we certify, as a result of the audit, that, in our opinion, the financial statements are correct."

9. Mr. SHAH (Board of Auditors) said that the Board had been studying the question of improvement in the wording of the audit certificate, with a view to adopting a standard form. The Board did, however, in fact issue a certificate for each of the UNICEF and Greeting Card Fund statements, as prescribed in the annex to the Financial Regulations. Those certificates were erroneously omitted from the printed version, and a corrigendum had been requested.^{3/}

10. The CHAIRMAN suggested that the Committee should recommend to the General Assembly the adoption of the following draft resolution:

"The General Assembly

"1. Accepts the financial report and accounts of the United Nations Children's Fund for the financial year ended 31 December 1966 and the certificates of the Board of Auditors (A/6706/Add.2);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-second session (A/6673, paras. 9-14)."

The draft resolution was adopted without objection.

(d) United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/6706/Add.3 and Corr.1 and 2, A/6673, paras. 15-19)

11. Mr. ZIEHL (United States of America) expressed his delegation's general approval of the report on the Agency's accounts (A/6706/Add.3 and Corr.1 and 2). It was to be hoped, however, that future reports would classify expenditures according to their object. Such a classification would assist Governments, when they had to ask their parliaments for funds for the Agency's programmes.

12. His delegation supported the views expressed by the Advisory Committee on Administrative and Budgetary Questions in paragraphs 119-121 of its report on the budget estimates for the financial year 1968^{4/} concerning the need for a central review of the administrative arrangements of the voluntary programmes. The review should include the United Nations Relief and Works Agency and should start as soon as possible.

^{3/} Subsequently issued as document A/6706/Add.2/Corr.1.

^{4/} Official Records of the General Assembly, Twenty-second Session, Supplement No. 7 and corrigenda.

13. The CHAIRMAN suggested that the Committee should recommend to the General Assembly the adoption of the following draft resolution:

"The General Assembly

"1. Accepts the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 31 December 1966 and the certificates of the Board of Auditors (A/6706/Add.3 and Corr.1 and 2);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-second session (A/6673, paras. 15-19)."

The draft resolution was adopted without objection.

(e) Voluntary funds administered by the United Nations High Commissioner for Refugees (A/6706/Add.4 and Corr.1, A/6673, paras. 20-22)

14. Mr. ZIEHL (United States of America) said that his delegation felt strongly that the scope of the audit should be broadened to include more substantive comments, particularly at a time when refugee work was extremely important. No detailed breakdown of expenditures was given in the report (A/6706/Add.4 and Corr.1); the Fifth Committee should know how the money—\$5.5 million—had been spent in 1966. There should be a statement showing expenditure by object or type and by country or region. In addition, figures for the preceding year should be given for comparison.

15. The CHAIRMAN suggested that the Committee should recommend to the General Assembly the adoption of the following draft resolution:

"The General Assembly

"1. Accepts the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the financial year ended 31 December 1966 and the certificates of the Board of Auditors (A/6706/Add.4 and Corr.1);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its twenty-second session (A/6673, paras. 20-22)."

The draft resolution was adopted without objection.

16. Mr. SHAH (Board of Auditors) said that the Board would bear in mind the suggestions made by the representative of the United States of America and present more detailed reports to the General Assembly at its twenty-third session. Indeed, a more detailed audit would meet the wishes expressed by the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies. It should be remembered, however, that it would take time to secure the additional staff, expertise and funds required.

The meeting rose at 11.30 a.m.