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Agenda item 80REPORT OF THE AD HOC COMMITTEE OF EXPERTS TO EXAMINE THE FINANCES
OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIESTenth report of the Advisory Committee on Administrative and Budgetary
Questions to the General Assembly at its twenty-first session

1. In accordance with the special mandate received from the General Assembly under the terms of its resolution 2049 (XX) of 13 December 1965, paragraphs 6 (a) and 6 (b), the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies,^{1/} was invited to:

"(a) Examine, with the assistance of the Advisory Committee on Administrative and Budgetary Questions and in liaison with the Secretary-General and the executive heads of the specialized agencies and of the International Atomic Energy Agency, the entire range of the budgetary problems of the United Nations and the organizations brought into relationship with it, notably their administrative and budgetary procedures, the means of comparing and, if possible, standardizing their budgets and the financial aspect of their expansion, with a view to avoiding needless expenditure, particularly expenditure resulting from duplication;

"(b) Submit to the General Assembly at its twenty-first session, without prejudice to the terms of reference of the Special Committee on Peace-keeping Operations, such recommendations as it may deem appropriate, in order, on the one hand, to secure better utilization of the funds available through rationalization and more thorough co-ordination of the activities of the organizations and, on the other, to ensure that any expansion of those activities takes into account both the needs they are intended to meet and the costs Member States will have to bear as a result".

2. As requested by the General Assembly, the Advisory Committee gladly extended the assistance required of it by the Ad Hoc Committee. In a number of cases

^{1/} Hereinafter referred to as the Ad Hoc Committee.

individual members of the Advisory Committee also represented their Governments in the Ad Hoc Committee's meetings. Given these circumstances, the Advisory Committee felt that it might be of some advantage and assistance to the General Assembly if it followed in this case also its usual procedure, that of submitting observations on all reports of an administrative and budgetary nature, and accordingly offers herewith some general comments on the very pertinent recommendations presented by the Ad Hoc Committee in its second report to the General Assembly at its twenty-first session (A/6343).

3. In this connexion, the Advisory Committee would first refer to that portion of the Secretary-General's statement to the Fifth Committee on 10 October 1966 (A/C.5/1065), introducing his budget estimates for 1967, in which he commented on the second report of the Ad Hoc Committee, limiting himself at that time to those observations which he believed relevant to his position as Secretary-General of the United Nations. He stated that in the event, as he hoped would be the case, that the Assembly generally endorsed the Ad Hoc Committee's report, he would regard it to be the special responsibility of the Secretary-General to take all appropriate steps to facilitate its earliest and fullest implementation. The Secretary-General also observed, inter alia, that he believed many of the proposals and ideas put forward in 1966 as a consequence of the more searching review of the administrative, financial and budgetary practices, warranted the most careful consideration, and offered the assurance that, within the Secretariat's capacities, no effort would be spared in attempting to put into effect recommendations which received the General Assembly's endorsement.

4. In a subsequent note (A/6465) the Secretary-General, on behalf of his colleagues on the Administrative Committee on Co-ordination (ACC), commented on that Committee's recent review of the second report of the Ad Hoc Committee, and stated that while the executive heads of the agencies had decided that they could not at this stage attempt a joint statement for submission to the General Assembly, they agreed with the spirit and the broad lines of the comments contained in paragraphs 3 to 14 of his note to the Assembly.

5. At the same time ACC reflected on a number of the Ad Hoc Committee's recommendations which they felt would require consideration and decisions by the agencies' governing organs, in accordance with their respective constitutions.

Among those mentioned were the Ad Hoc Committee's proposals dealing with the process of budget preparation, which ACC felt would pose difficult practical problems, and that relating to the budget cycle which might require a constitutional amendment in some agencies. As regards the formation of a joint panel of auditors, ACC felt that definitive action would have to be taken within each agency by its general conference or assembly, by which the external auditors are appointed and to which they report. ACC also indicated that a key element in the proposal for creation of an inspection unit is that the unit should be joint, and that it should accordingly be established and operate in full agreement and understanding among all the organizations concerned.

6. As regards the need for long-term integrated programme planning, ACC pointed out that the subject had received increasing attention from the Economic and Social Council and the General Assembly during the past two years. In commenting on the long-standing issues of greater efficiency in the handling of conferences and documentation, ACC noted that the Advisory Committee, the Secretary-General and the ACC had on numerous occasions drawn attention to these serious problems. ACC mentioned that Governments must accept their responsibilities both for making decisions concerning the convening of conferences and other meetings and for limiting their requests for documentation.

7. In paragraph 14 of the note (A/6465) the ACC, through its Chairman, expressed its readiness to arrange the required inter-agency consultations and to prepare the submission of the Ad Hoc Committee's recommendations to the various agency boards and councils, and also to facilitate and expedite as much as possible the process envisaged by that Committee for reaching practical agreement on questions of implementation.

8. The Advisory Committee acknowledges the prompt review and initial response of ACC to the recommendations contained in the second report of the Ad Hoc Committee. While the Advisory Committee does not necessarily agree with all the views and reservations expressed by the Secretary-General on behalf of ACC, it recognizes that complete and immediate compliance with all recommendations may not be easy. However, the Committee is confident that all members of ACC will give careful consideration to the Ad Hoc Committee's recommendations and will facilitate, where required, their acceptance by the respective legislative bodies of the specialized agencies and ensure their implementation at an early date.

9. As indicated by the Chairman of the Advisory Committee in his statement (A/C.5/1066) to the Fifth Committee at its 1124th meeting on 10 October 1966, the Advisory Committee, having for many years advocated a more comprehensive discharge by the General Assembly of its responsibilities under Article 17, paragraph 3, of the Charter, noted with satisfaction Assembly resolution 2049 (XX) of 13 December 1965 establishing the Ad Hoc Committee. The second report of that Committee contains recommendations of great value, relating to such matters as long-term planning, audit and inspection, inter-agency co-ordination, budget preparation and budget cycle, and the need for efficient and realistic scheduling of conferences and the issuance of related documentation. These recommendations, when implemented, will be of considerable assistance in the realization of the objectives desired by the General Assembly as set forth in paragraph 6 (b) of resolution 2049 (XX).

10. The Advisory Committee would point out that most of the pressing problems on which the Ad Hoc Committee has presented such concrete recommendations have been the subject of its own concern, observations and recommendations over the last few years. Its reports have covered such items as the central machinery for co-ordination, programme co-ordination, long-term programming and budgeting, form of budget presentation, rationalization of the conference and meetings programme, consolidation of premises and services, the common system, administrative overhead costs of extra-budgetary programmes, co-ordination in the field, statutory requirements or increases, documentation, and the work programme of the United Nations in economic, social and human rights fields and its budgetary requirements.^{2/}

11. In paragraph 67 of its second report, the Ad Hoc Committee recommended certain measures which it believes would serve to strengthen the external administrative and financial controls of the organizations. In addition to suggesting expanded

^{2/} Annual reports on the budget estimates - A/5507, A/5807, A/6007 and A/6307; annual reports on the administrative and budgetary co-ordination of the United Nations with the specialized agencies and the International Atomic Energy Agency - A/5332, A/5599, A/5859, A/6122; report on overhead costs - A/5842.

responsibilities for the external auditors, it recommended the establishment, on an experimental basis, of a small inspection unit, composed of specialists highly qualified in financial and administrative matters, which in the opinion of the Ad Hoc Committee would make an effective contribution not only towards improving management and methods, but also towards achieving greater co-ordination between the organizations. While the Advisory Committee recognizes that the modalities governing the establishment, composition, operation and reporting of the inspection unit would need to be defined, the Committee is concerned that all organizations give their immediate attention to this important proposal of the Ad Hoc Committee.

12. The Advisory Committee also noted with interest the Ad Hoc Committee's recommendation^{3/} that the Economic and Social Council should give thought to reconstituting its Special Committee on Co-ordination, to enable it to carry out more effectively its responsibilities of co-ordination. It suggested that the Council should elect twelve experts, from nominations by States Members of the United Nations, having a high degree of experience and competence in the affairs of the United Nations and related organizations, the economic, financial and social areas, and the governing bodies of the specialized agencies and subsidiary bodies of the United Nations. In this connexion, the Advisory Committee noted resolutions 1090 G (XXXIX) of 31 July 1965 and 1171 (XLI) of 5 August 1966, by which the Council decided, inter alia, that the Special Committee on Co-ordination should be composed of the officers of the Council, the Chairman of the Council's Co-ordination Committee and ten members of the Council elected annually by the Council, and to change the name of the Special Committee on Co-ordination to "Committee for Programme and Co-ordination". The Advisory Committee realizes that both of these proposals are designed to strengthen the Special Committee on Co-ordination, and in this regard hopes that the Council will give careful consideration to working out the most effective mechanism for the efficient functioning of that Committee.

13. The Advisory Committee appreciates that some of the recommendations of the Ad Hoc Committee may need to be elaborated upon and amplified, while others may need to be refined. Where matters of a technical nature are involved and present practices differ in the various organizations, consultations between those

^{3/} A/6343, paras. 90 (g) and (h).

organizations at the expert level, preferably under the auspices of ACC, may lead to such refinement. In addition, the Ad Hoc Committee has recommended that a few of the more complicated problems receive further study. It may also be necessary for the executive heads of the specialized agencies to refer some of the recommendations to their legislative bodies for consideration. But in any event, and as indicated in paragraph 8 above, the Advisory Committee feels that every effort should be made by all concerned to implement at an early date as many of the recommendations as possible and urges all organizations to devote their immediate and constructive attention to the Ad Hoc Committee's recommendations.

14. As regards the new assignments recommended for the attention of the Advisory Committee, i.e., to explore further ways and means of bringing the layout of the budgets of the various organizations into line, to review systematically and in depth the administrative and management procedures concerning the programmes and budgets of the specialized agencies, and finally, to participate in a detailed study of a proposed biennial budget cycle for the United Nations, the Committee will endeavour to carry out these assignments. In order to discharge adequately these additional responsibilities, the Committee is giving thought to the necessary adjustments which may be required in its working arrangements, and also to the close co-operation that will be required from the respective organizations.

15. In the expectation that the General Assembly will give its endorsement to the recommendations contained in the second report of the Ad Hoc Committee, the Advisory Committee suggests that the Assembly may wish to request the Secretary-General, as chief administrative officer of the United Nations, to submit, on behalf of all participating organizations, a progress report to the Advisory Committee at its 1967 May/June session, on the implementation of the Ad Hoc Committee's recommendations. It is to be expected that a more comprehensive report will be submitted to the General Assembly at its twenty-second session.