



SUMMARY RECORD OF THE 3rd MEETING

Chairman: Mr. FONTAINE-ORTIZ (Cuba)

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

CONTENTS

ORGANIZATION OF WORK

AGENDA ITEM 109: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS

- (a) UNITED NATIONS
- (b) UNITED NATIONS DEVELOPMENT PROGRAMME
- (c) UNITED NATIONS CHILDREN'S FUND
- (d) UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST
- (e) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH
- (f) VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
- (g) FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME
- (h) UNITED NATIONS FUND FOR POPULATION ACTIVITIES
- (i) UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION
- (j) UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND

AGENDA ITEM 18: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS

- (a) APPOINTMENT OF MEMBERS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS

*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned within one week of the date of publication to the Chief of the Official Records Editing Section, room DC2 750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

Distr. GENERAL
A/C.5/41/SR.3
30 September 1986

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

ORGANIZATION OF WORK

1. Mr. DUQUE (Secretary of the Committee) read out part of a letter to the Chairman from the Under-Secretary-General for Public Information, the purpose of which was to inform members of the Committee that, as a result of the current financial crisis, the Department of Public Information would not be able to guarantee press release coverage in English of all meetings of all the Main Committees during the forty-first session of the General Assembly. While every effort would be made to ensure coverage of meetings of the Fifth Committee, an announcement would be made at the beginning of any meeting for which it proved impossible to provide press release coverage. In an attempt to dispel misunderstandings with regard to the nature and purpose of the press release service, the Under-Secretary-General emphasized that press releases were not an official record but were intended primarily for use by journalists. In the interests of speed, releases were generally prepared during the course of the meetings concerned and distributed to correspondents very shortly after the conclusion of such meetings. Unlike the official record, press releases sought to emphasize broad issues which were of interest to the media, and were issued in English and French only. Any serious factual error brought to the attention of the Department of Public Information was immediately corrected, but it was not possible either to make stylistic changes or to add material not originally included.
2. Mr. HARAN (Israel) said that many delegations relied heavily on the press releases issued by the Department of Public Information, since it was sometimes impossible for them to be represented at all meetings of all Committees. He asked whether it would be possible to provide information on the availability of press release services for a particular meeting at the end of the meeting immediately preceding it.
3. The CHAIRMAN said that limits had been imposed on press release services for financial reasons. Summary records were distributed only when all language versions were available, which necessarily entailed certain delays. It would not be possible to ensure more rapid issue of summary records unless the Committee were to waive the requirement of simultaneous distribution in all languages.
4. Mr. DUQUE (Secretary of the Committee) said that it was his understanding from the letter of the Under-Secretary-General that it would be possible to make an announcement concerning press release coverage only at the meeting concerned, rather than at the end of the previous meeting.
5. The CHAIRMAN asked the Secretary of the Committee to request advance notice, wherever possible, on the subject of press release coverage provided by the Department of Public Information.

/...

AGENDA ITEM 109: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (A/41/5, vols. I, II and III, and Add.1-9; A/41/402 and Corr.1; A/41/632)

- (a) UNITED NATIONS
- (b) UNITED NATIONS DEVELOPMENT PROGRAMME
- (c) UNITED NATIONS CHILDREN'S FUND
- (d) UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST
- (e) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH
- (f) VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES
- (g) FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME
- (h) UNITED NATIONS FUND FOR POPULATION ACTIVITIES
- (i) UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION
- (j) UNITED NATIONS INDUSTRIAL DEVELOPMENT FUND

6. Mr. NELSON (Chairman of the Board of Auditors), introducing the reports of the Board of Auditors on the financial reports and audited financial statements of organizations within the United Nations system (A/41/5, vols. I, II and III, and Add.1-9) said that the Board had prepared and submitted, in accordance with General Assembly resolution 40/238, a separate and concise document (A/41/402), containing a synthesis of the main observations of common interest arising from the audits. The Board had also incorporated in its audit plan, with effect from the current year, a review of financial reserves held by the United Nations organizations covered by the Board's report. The Board had met with the Advisory Committee on Administrative and Budgetary Questions on 8, 9 and 10 September 1986 to discuss its reports.

7. The Audit Operations Committee had maintained its continuing dialogue during the past year with the Administrations of the various audited entities and had included its significant audit findings in the Board's reports. Members of the Audit Operations Committee had also met with the representatives of the various internal audit services and with some members of the Joint Inspection Unit to discuss the appropriate co-ordination of audit activities.

8. Finally, in accordance with the authority granted to it under regulation 12.7 of the Financial Regulations, the Advisory Committee had requested the Board to conduct a special examination of the operations and financial controls of the Office of the United Nations High Commissioner for Refugees. The Board had contracted the services of an international public accounting and consulting firm to undertake the special audit, in accordance with the authority granted to it under regulation 12.9. The contractor was expected to complete work by 22 December 1986, and the Board expected to issue its report on the special examination by January 1987.

9. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report (A/41/632), said that he was not convinced of the value of document A/41/402, submitted by the Board of Auditors, and that the Advisory Committee had not used that document in making its comments and recommendations. While some might point out that the document was useful to those delegations which lacked sufficient time or staff resources to study lengthy financial and audit reports, he pointed out that a summary of the main findings of the Board could be found at the beginning of each audit report. Following an exchange of views on the timing of responses of the Administrations to the observations of the Board, the Advisory Committee had proposed, in paragraph 3 of its report (A/41/632), a change in the timing of such responses and in their position within the report of the Board.

10. The Advisory Committee had limited its views and recommendations to areas of broad concern. In discharging its mandate under regulation 12.11 of the Financial Regulations, the Advisory Committee relied on the reports of the Board, the audited financial statements, the views of the Administrations and the annual meetings of the Advisory Committee with members of the Board. In its current report the Advisory Committee had submitted a number of comments and recommendations which, if applied properly, should contribute to the efforts of all parties determined to ensure that work programmes were implemented and that funds were spent for their authorized purposes. It was also hoped that the various Administrations would in future pay greater attention to the adequacy and relevancy of observations submitted in response to audit queries. The Advisory Committee did not believe that the full application of financial or other statutory regulations should be regarded as an end in itself, since certain emergency situations might make it difficult to apply fully the relevant rules with respect to certain programmes. However, in the absence of such emergency situations, the use of accounting and other practices in order to avoid the full application of rules and regulations should be absolutely discouraged.

11. With few exceptions, the financial situation of the audited organizations was unhealthy, and resources made available to them continued to decline. It was therefore essential to ensure that funds provided to them, whether from regular or extrabudgetary sources, should be managed efficiently. A recurring theme in the audit reports of recent years was the weaknesses in the system of programming and managing technical co-operation activities, and the Advisory Committee noted with particular regret that, in many cases, executing partners, including Governments, specialized agencies and non-governmental organizations, had not abided by the contractual obligations incurred under agreements governing relationships with funding agencies. While it was true that the delicate relationship between funding and implementing partners often gave rise to special problems, the mere existence of such problems did not absolve the funding agencies from their primary responsibility. In that connection, he drew attention to the clear statement on that subject by the new United Nations High Commissioner for Refugees, as quoted in paragraph 73 of document A/41/632. The comments and recommendations of the Board and the Advisory Committee should be regarded as a means of strengthening the efforts of agencies in managing resources provided to them.

(Mr. Mselle)

12. The significant number of fraud cases reported by the Board led the Advisory Committee to seek additional information from the Administration in connection with those cases, and that information and the views of the Advisory Committee were presented in paragraphs 32-36 of the Committee's report (A/41/632). The cases addressed included some reported under the biennium ending 31 December 1987 in addition to those reported under the biennium ended 31 December 1985. Believing that urgent steps must be taken to implement appropriate remedial action, including the correction of any deficiency in procedures, the Advisory Committee had requested that the Internal Audit Division be provided with all the support required to enable it to carry out a thorough review. In view of the seriousness of the problem, the Advisory Committee had also requested, pursuant to regulation 12.7 of the Financial Regulations, that the Board of Auditors should carry out a specific examination of the system of allowances and entitlements in the United Nations, with a view to determining whether procedures were in place to identify with certainty the extent of any abuses, to ensure that appropriate disciplinary action was taken, to ensure that all possible steps had been taken to recover misappropriated funds and to ensure, as far as possible, against any recurrence of such abuse.

13. In conclusion, he expressed his willingness to provide clarification of any of the observations and recommendations made in the Committee's report. He also pointed out that the phrase "three P-3, one P-4" in paragraph 33 of document A/41/632 should be replaced by the phrase "two P-3, one G-9 and one P-4".

AGENDA ITEM 18: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS

(a) APPOINTMENT OF MEMBERS OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (A/41/101/Add.1)

14. The CHAIRMAN said that the Secretary-General had received notification of the resignation of Mr. Traian Chebeleu (Romania) from the Advisory Committee on Administrative and Budgetary Questions, and that, as a result, the General Assembly would, at its current session, have to appoint an individual to serve for the unexpired portion of Mr. Chebeleu's term of office, i.e., until 31 December 1988.

15. The Government of Romania had proposed that Mr. Ion Gorita should be appointed to fill the vacancy. Since no other candidature had been put forward and if he heard no objection, he would take it that the Fifth Committee wished to dispense with the secret ballot and recommend by acclamation the appointment of Mr. Ion Gorita for a term beginning on the date on which the plenary Assembly approved the appointment and expiring on 31 December 1988.

16. It was so decided.

The meeting rose at 11.25 a.m.