



SUMMARY RECORD OF THE 6th MEETING

Chairman: Mr. FONTAINE-ORTIZ (Cuba)

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

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 109: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/41/5, vols. I, II and III and Corr.1, and Add.1 and Corr.1, Add.2 and Corr.1 and Add.3-9; A/41/402 and Corr.1; A/41/632; A/C.5/41/CRP.1)

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1. The CHAIRMAN drew attention to document A/C.5/41/CRP.1, which contained the response of the Secretariat to questions raised by the representative of Japan relating to cases of fraud.

2. Mr. FORAN (Assistant Secretary-General, Controller) said that the financial reports and statements under consideration, in providing a record of the Organization's financial activities and of the evolution of its financial condition since its inception, together with the reports of the Board of Auditors and ACABQ, constituted useful references. The statements reflected income on the basis of approved assessments, without regard to announced withholding by certain Member States of part of their assessed contributions. Balances were presented on the assumption that unpaid assessments would be paid in full, because there was no provision in the Financial Regulations to cover the practice of withholding. It was for that reason that the Board of Auditors had submitted a qualified opinion on the fairness of the statements.

3. In response to the inquiry by the representative of Israel as to why the amount of assessed contributions unpaid at 31 December 1985, namely \$242.4 million, did not appear in annex II to document A/41/5, vol. I, he explained that annex II dealt with the short-term deficit of the United Nations and thus reflected

(Mr. Foran)

essentially accumulated estimated withholdings from both the regular budget and peace-keeping activities with assessed budgets. The figure of \$242.4 million related to the cumulative arrears of assessed contributions to the regular budget alone. The "A" and "B" deficit figures in annex II represented two divergent sets of views which had emerged in 1966 when agreement could not be reached as to whether surpluses existed in the accounts for the United Nations Emergency Force and the United Nations Operation in the Congo and if so, whether such surpluses constituted a liability to Member States. The analysis of the short-term deficit of the Organization had always included the two different figures since that date.

4. With respect to the comments in paragraphs 7 and 8 of the ACABQ report, relating to transfers between appropriation sections, as well as the concerns expressed by certain representatives on that question, the Office of Financial Services would in future request such transfers prior to certification of the accounts. It would probably submit such requests to ACABQ in March following the end of a biennium rather than in April or May. The net effect of transfers between sections at the end of a biennium was not to change or exceed total appropriations, but to offset over-expenditures in some sections of the programme budget against under-expenditures in others. The final performance report in the second year of a biennium contained the most accurate forecasts possible of actual requirements in each section of the budget. Those forecasts were reviewed by ACABQ and the appropriations revised by the Fifth Committee accordingly. In the most recent biennium, final expenditures had amounted to a figure 0.4 per cent below the level of final appropriations. Within the figure for final expenditures, which had not exceeded the overall level of appropriations, a number of sections had incurred over-expenditures in proportions ranging from 0 to 1.9 per cent. Such variances occurred every biennium. While the Office of Financial Services would make every attempt to budget more precisely, it was not realistic to expect that there would not be minor variances in the final expenditures that would necessitate further transfers between sections in the future. However, the prior concurrence of ACABQ would be sought henceforth.

5. A number of representatives had referred to the quality, or lack thereof, of the observations of the Secretary-General on the comments and recommendations of the Board of Auditors, included for the first time in the report of that Board, and ACABQ had recommended that all the observations should be grouped together in the report. He also believed that there were problems of timing, and possibly of procedures, and intended to meet with the Chairman and members of the Board to suggest such changes as might be required.

6. In response to the request by the representative of Egypt for further comment by the Administration on observations raised by the Board of Auditors and ACABQ concerning problems in the implementation and evaluation of technical co-operation projects, he said that the difficulties involved in bringing together specialized experts and candidates for fellowship training during project implementation should not be underestimated. The observations of the Board and ACABQ had been transmitted to those responsible, with a view to redoubling efforts to overcome specific problems. With regard to evaluation, the Department of Technical

(Mr. Foran)

Co-operation for Development was initiating a study to assess evaluation procedures, while also continuing to increase its utilization of computerized reports on project budget and expenditures, to rely on the reports of its Chief Technical Advisers and to improve the quality of their reports on project implementation. The Department also intended to participate in the Inter-Agency Working Group on Evaluation, in order to examine issues arising from the implementation of UNDP's Revised Procedures on Monitoring, Evaluation and Reporting. A complete evaluation of UNIDO's training courses, workshops and seminars was under consideration.

7. With regard to the write-off of losses of property, the representative of the Ukrainian SSR had concluded that losses amounting to \$3.9 million had resulted from a lack of inventory control, but the Board had noted, in paragraph 223 of its report, that 80.9 per cent of the total write-off had been reported for UNIFIL and was mainly due to damage/accident or theft, incidences of which were prevalent in the UNIFIL area of operations. The new form referred to in paragraph 222 of the report was intended to provide an improved classification of the categories of loss, but would not of course eliminate such losses.

8. An analysis of billings by affiliates of the travel agent for air ticket purchases indicated that reimbursement would be confined almost entirely to convertible local currencies, of which the Organization did not have an excess. Reimbursement in such currencies would necessitate purchasing more at commercial rates, which did not appear to ensure any advantage for the Organization. Reimbursement for large numbers of affiliate billings by a single payment in United States dollars would be beneficial to the Organization and also contribute to Administrative simplicity. Reimbursements to the travel agent were compared with the weekly average banker's buying rate in order to ensure the application of the most favourable rate of exchange. When billing overcharges had been revealed as a result of that procedure, those charges had been reduced. It was therefore not true to say that the Organization covered the losses on exchange when the travel agent failed to pay its local affiliates promptly.

9. With regard to the problem of late refunds in respect of unused air tickets, referred to in paragraph 74 of the report of the Board, the accounting changes introduced in late 1985 had eliminated some delays, but the problem of such delays was common to the travel industry as a whole. However, claims for unused prepaid tickets by travellers whose trips had subsequently been cancelled continued to constitute a problem because almost all cases related to non-staff members from whom collection by payroll deduction was not a feasible option.

10. With regard to comments on the failure to deposit cheques in a timely manner, he noted that cheques received without any indication as to their purpose had in the past been held until they could be credited to the correct account. A new procedure whereby any unidentified cheque was deposited into the General Fund and later transferred to the proper account had been introduced.

(Mr. Foran)

11. On the assumption that the recommendation of ACABQ regarding the payment of subsistence allowance to members of Boards, Committees, Commissions, etc., would be adopted, a revision of the current rules in respect of members of organs and subsidiary bodies of the United Nations had been initiated and would be submitted, as requested, to ACABQ.

12. The Board of Auditors was in a unique position to provide an objective assessment of the Organization's financial activities and many improvements over the years had resulted from the Board's observations and recommendations. The Office of Financial Services looked forward to a continuing dialogue with the Board, with a view to effecting further improvements.

13. Mrs. WEIL (Assistant Secretary-General for General Services), responding to comments on operational matters, said that two facts might help to clarify questions relating to overtime. Firstly, in the staff rules there was no provision prohibiting overtime in excess of the normal 40-hour week. It was, however, prohibited to require a staff member to work overtime if he did not wish to do so. Secondly, it was not true to say that temporary assistance covered overtime requirements, because the essential purpose of overtime was to cover such requirements as weekend and night duty and to replace permanent staff on annual or sick leave. Great efforts were being made to restrict overtime by reducing absenteeism, refraining where possible from replacing absent staff and postponing work, with the result that overtime had in fact been decreasing. The doubts expressed by ACABQ with regard to the Administration's assessment of overtime were probably due to the fact that many additional hours of overtime had been required during 1985 in connection with celebrations of the fortieth session of the General Assembly.

14. With regard to contracts, the Administration placed very great emphasis on competitive bidding. In recent years there had been bidding for travel, cleaning services, catering, pouch hauling and freight forwarding. While it was true that the contract for electrical maintenance had been held by the same contractor since the inception of the United Nations, a thorough study of that contract had been initiated in 1983 and had led to the submission of various recommendations. The recommendations had been reviewed internally and the results transmitted to ACABQ. It had been found impossible to engage a new contractor, but it had been decided that better terms should be negotiated. Several additional provisions had been incorporated in the renewed contract, which had been submitted to ACABQ.

15. With regard to questions raised by members of ACABQ and others relating to computer systems provided under the travel contract, that contract had antedated various developments in the systems, with the result that the particular systems needed by the United Nations were not identical to those specified in the contract. However, there had been no departure from the terms of the contract. In general, positive progress had been made in obtaining more payments from the travel agent in the form of rent and in obtaining discounts or services purchased.

(Mrs. Weil)

16. With regard to catering, the audit report covered a period during which the contract had been held by a relatively new contractor. Delays and excessive advances, though not necessarily overpayments, would not be unlikely in such a case. That type of contract had been abandoned, and the current contract did not give rise to the problems noted earlier. It was certainly an overstatement to say that those problems indicated gross mismanagement bordering on fraud. The souvenir shop and gift centre operations were no longer incorporated in the catering contract and were managed by the United Nations itself. Earnings had increased considerably since the change had been made.

17. Mr. RUEDAS (Under-Secretary-General for Administration and Management) said that details of the cases of fraud had been provided in document A/C.5/41/CRP.1. With regard to the question of tax fraud, it should be noted that recent recoveries of outstanding sums had increased the recovery rate to 21 per cent. In practice, it was difficult to recover any sums which exceeded the final entitlement of a fraudulent staff member.

18. The record showed that the machinery for control and monitoring existed and functioned well. The investigation and punishment of fraud had been initiated by the Secretariat itself. While Member States had every right to be concerned, it was clear that the Secretary-General had acted forcefully to maintain the integrity and high standards of the staff.

19. The issue of even-handedness in dealing with the staff involved had been raised. The Secretary-General, as the chief administrative officer, was responsible for imposing disciplinary measures in an equitable manner. That did not mean that there was an exercise of absolute power; that responsibility of the Secretary-General was balanced by his accountability under the staff regulations and rules which provided for an appeals procedure and recourse to the Administrative Tribunal - an independent organ responsible to the General Assembly. The Tribunal's decisions were considered by ACABQ, which had the right to draw attention to any matters it deemed appropriate. Further, any of the parties involved in a disciplinary procedure - the staff member, the Secretary-General, or indeed any Member State - could request the International Court of Justice for an advisory opinion.

20. The most prudent course of action was to allow the judicial procedures provided for to run their course. A number of cases were sub judice. Fairness was not served by public discussion of matters which had still to be judged. The representative of Japan had referred to the right of Member States to ensure that disciplinary action was fairly applied. Clearly, there could be no responsibility without accountability and that accountability was ensured by an existing system of controls which provided for the involvement of Member States once the Administrative Tribunal had rendered a decision. Intervention by Member States during the judicial process would conflict with the Secretary-General's responsibilities under Article 97 and the obligations of Member States under Article 100 of the Charter.

21. Mr. DEVREUX (Belgium) welcomed the assurances that in future the concurrence of ACABQ would be sought before transfers were made between appropriation sections. In that connection his delegation wished to know what procedure was followed by the Secretariat to ensure that departments did not exceed their appropriations, and whether the authorization of the Controller was required in the event that a department did so. It might be possible to exercise greater control by updating accounting procedures. He asked whether periodic reviews of authorized expenditure were conducted to ensure that fluctuations in rates of interest and inflation did not affect the real purchasing power available to programme managers. The establishment of such a procedure was a prerequisite for the creation of a stabilization fund, mooted by the representative of Algeria. Further, it was important to ascertain whether divergences between budget estimates and actual expenditure arose because of technical considerations or whether they were due to a lack of financial discipline.

22. Referring to the Office of General Services, he asked whether the Secretariat had considered putting the contract for the maintenance and operation of electrical equipment up for competitive bidding, and whether the contract concluded in 1985 represented an improvement over earlier contracts. In particular, was OGS in a position to supervise the execution of the contract?

23. The Board of Auditors had pointed out management shortcomings in the monitoring of the catering contract. He wished to know whether the Secretariat had taken steps to ensure that the problems which had arisen would be averted in the future, both in respect of the new contract for the catering operation and other revenue-producing activities.

24. The Board of Auditors had noted that some agencies had improperly reported as project expenditure outlays which in fact related to overhead costs. It was essential to maintain the distinction between the two categories. All delegations wished to know what percentage of their contributions was actually allocated to projects. He asked whether clear rules existed for distinguishing between the various categories of expenditure in the programme budget, and whether they were applied in practice. His delegation would welcome proposals from the Board of Auditors to improve the transparency and reliability of the information supplied to the General Assembly pertaining to the preparation of the programme budget so as to ensure that the distinction between expenditure on substantive activities and general expenditure was clearly made in the budget estimates and in the performance report. Finally, the financial reports were not available to delegations until shortly before the start of the session. The Board of Auditors should review their preparation with a view to expediting their delivery.

25. Mr. MUDHO (Kenya) asked whether the observation by the Controller that cheques were sometimes received without any indication as to their purpose meant that funds were, in practice, used for purposes other than that for which they had been authorized. He wished to know whether there was any machinery whereby Member States could express their views if they felt that a given situation was unsatisfactory, as had arisen, for example, with the catering operation.

(Mr. Mudho, Kenya)

26. It was gratifying to be informed that machinery existed to prevent fraud. While no one should attempt to influence the outcome of cases which were sub judice, the impression had been given, for example in paragraph 25 of document A/C.5/41/CRP.1, that Member States were not to address that issue. It seemed, however, that Member States had an obligation to assist the Secretary-General in the discharge of his responsibilities as chief administrative officer.

27. Mr. MAJOLI (Italy) said, with reference to the net "A" deficit and net "B" deficit, mentioned in annex II to document A/41/5 (vol. I), that the two deficits reflected two different views: one which held that, even if there were surpluses in some accounts, de facto the money was not there owing to withholdings; and one which held that there were surpluses on paper, which had the effect of diminishing the deficit, and that the surpluses should be refunded to Member States, even to those whose contributions were outstanding. He urged delegations not to reopen the issue.

28. Mr. SEFIANI (Morocco) said, with reference to the recovery of sums in respect of unused tickets, that anyone for whom a ticket had been purchased by the United Nations obviously had some contact with the Organization and influence could thus be brought to bear. Perhaps the travel agency could be requested to cancel tickets, where appropriate; any attempt by holders to use them would then clearly constitute fraud.

29. Mr. HADWEN (Canada) said that his delegation would welcome an arrangement for bringing the reports of the Board of Auditors and ACABQ to the attention of governing bodies as a matter of course. The Committee should consider how that might be done.

30. Mr. RAHMAN (Bangladesh) asked the Secretariat to provide figures indicating the degree of absenteeism at the United Nations over the past five years. It would be of interest to know what steps the Administration was taking to deal with that problem.

31. Mr. MURRAY (United Kingdom), referring to the Canadian representative's observation, asked whether the governing bodies of UNDP and other organizations considered the auditors' reports under a separate agenda item, and, if so, how much time was allotted to them. If they did not, he wished to know the reasons. The Committee should also know the expiry date of the travel agent's contract signed in 1983, and of the prospect of the contract terms being performed before it ran out (document A/41/632, para. 16). Lastly, more information should be furnished on the undocumented payments of \$1.6 million, including six cheques to the catering service, unless it was preferred to await the results of a special audit of the catering operation.

32. Mr. TAKASU (Japan), referring to document A/C.5/41/CRP.1, drafted at his delegation's request, said that the problem of fraud should receive serious consideration even if the fraud had been committed by a relatively small number of staff members (A/C.5/41/CRP.1, para. 27). Enhanced internal controls should not merely reduce fraud; they should eliminate it. Moreover, it was difficult to

(Mr. Takasu, Japan)

understand why the incidence of fraud had not been detected earlier. It would be useful to know whether the term "extensive" audit of tax reimbursements (A/C.5/41/CRP.1, para. 11) meant the type of 100-per-cent audit that had been applied to education grant claims (para. 4). It was important to know whether the 35 possible fraud cases in education grant payments (para. 7) and the 19 cases of tax reimbursement discrepancies on record constituted the entire picture. The Under-Secretary-General might also discuss ways of tackling the incidence of fraud, both in the future and prior to 1984, if it could be investigated that far back (para. 22). He would welcome more information on revisions of the administrative instruction designed to clarify and streamline the procedures for education grant payments. So far as possible, improvements in the procedure should not be made on a case-by-case basis, but rather within an organizational framework. Japan supported the Austrian delegation's request that every effort should be made to recover misappropriated funds (paras. 23 and 24) as soon as possible.

33. Mr. MAKTARI (Yemen) said that he would appreciate more details on the nature of the cash management problems mentioned in the Board's report. It would also be interesting to hear the Advisory Committee's ideas on possible solutions. It should be made clear that nothing in United Nations regulations authorized the preferential treatment of certain staff members who had defrauded the Organization.

34. Mr. MICHALSKI (United States) asked if higher salary levels were responsible for increased overtime payments within the Office of General Services, especially since the number of overtime hours had actually decreased by 32 per cent between the biennium 1982-1983 and the biennium 1984-1985 (A/41/5, annex III, para. 7). An explanation of the excess expenditures by UNIDO and the International Court of Justice would be appreciated, as would information on advances and payments to the catering service (para. 110 (c) and (d)). He wondered whether a figure was available to show the total loss or gain in the catering operation for the biennium 1984-1985, as schedule 2.2 of the Board's report showed a loss through March 1985 only. He shared the Belgian representative's interest in the steps taken to implement the urgent investigation of the catering service, and gift shops recommended by the Auditors, and in its completion. He wondered if document A/C.5/41/CRP.1 fully described the nature and extent of the fraudulent acts discovered in 1986, mentioned in the ACABQ report. It was not clear why unpaid assessments had been indicated for the United Nations Emergency Force (UNEF) and the United Nations Operation in the Congo (ONUC) in schedules 9.1 and 12.1, respectively, but not in annex II on the short-term deficit of the United Nations in December 1985.

35. Mr. RUEDAS (Under-Secretary-General for Administration and Management), replying to the representatives of Kenya, Japan, Yemen and the United States, stressed the Secretary-General's deep concern over the incidence of fraud, which had prompted him to initiate the internal audits still in progress (A/C.5/41/CRP.1, para. 25). The Kenyan and Japanese delegations could rest assured that references to the relatively few acts of fraud committed by staff members were by no means an indication that the matter was being taken lightly.

(Mr. Ruedas)

36. In reply to the representatives of Japan and the United States, he reiterated that the figures in document A/C.5/41/CRP.1 extended into 1986 and gave the fullest possible picture of the fraud situation, considering that the audit of tax reimbursements was still in progress (para. 11). Though the Japanese delegation wished to have information on possible fraud prior to 1984, it would be more effective for the internal auditing services to concentrate specifically on the 1985-1986 period, and to determine a future course of action. Considering that the word "extensive" meant a 100-per-cent audit of tax reimbursements - an endeavour that would last well into 1987, the Japanese representative would understand how essential it was to limit the periods under investigation.

37. He shared the Yemeni representative's concern over preferential treatment in the administration of justice. For an answer to the Japanese delegation's question on internal control, he would defer to the Controller.

38. Mr. FORAN (Assistant Secretary-General, Controller), replying to the Belgian representative, specified that transfers in the budget were mainly of a technical nature, though programme allotments were at times revised as well. Generally, an increase in expenditures for one programme was offset by the savings realized in another. The United Nations was working in too many currencies to benefit from the type of fluctuating exchange fund maintained by other international organizations. Moreover, he feared that any currency fluctuation fund established by the United Nations might eventually be used for other purposes, as had been the case with other special funds in the past.

39. Difficulties with programme execution often had a lot to do with the observed discrepancies between the use of resources proposed in the programme budget and the use announced in the final performance report. On the whole, however, the changes noted in the final performance report which had required transfers between sections of the budget were technical, not programme-related, and the number of those that could be attributed to a lack of financial discipline was negligible.

40. On the question of cash management raised in paragraph 137 of the auditors' report, he said that the United Nations received payment every year from roughly 10,000 different sources. Not all the sums received were contributions; some were refunds from suppliers, others were repayments by staff members of travel advances and so forth. The 29 instances referred to by the auditors were cheques sent to the United Nations by Member States with no indication of their intended purpose. It must be understood that some Member States directed contributions to the United Nations even when the money was due to other parts of the system. In the past, the cashier's office had normally set such cheques aside and had asked the appropriate mission (which often had to seek clarification from its capital city) what account the money should be paid into. Perhaps \$400 in total interest had been lost by following that procedure with the 29 cheques in question. Nevertheless, a new procedure had been introduced under which all such contributions were immediately deposited into the General Fund, and the money was subsequently transferred to another account if necessary.

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(Mr. Foran)

41. On possible means of recovering the cost of unused air tickets, he said that the travel industry unfortunately had no general means of blocking a ticket as, in most countries, banks could block a cheque. Third parties could generally contrive to make use of tickets even when not issued in their name. As a result it was difficult for the Administration to track down and claim reimbursement for unused tickets from individuals who were not members of the Organization's staff.

42. The representative of Japan had asked what action was being taken by the Administration in cases of presumptive fraud. Part of the answer could be found in paragraph 230 of the auditors' report. It had been found that in almost all the cases involving the education grant, the cost of tuition had been less than the maximum amount claimable under the grant. When changing the procedure for claiming the benefit and making new arrangements for follow-up and audit, the Administration had naturally concentrated on the areas where most instances of presumptive fraud had been found to occur.

43. The representative of the United States had asked about overspending in UNDR0 and the International Court of Justice. The overspending reported in the case of the Court amounted to \$122,400, or 1.2 per cent of total financial appropriations for the Court. Most of the excess had been for staff salaries and common staff costs. In the case of UNDR0, the overspending of \$19,500 had been due to variations in the methods used to calculate salaries and common staff costs under that section of the budget.

44. Mrs. WEIL (Assistant Secretary-General for General Services), replying to points raised by the representative of Belgium, said that the Office of General Services (OGS) had indeed considered the possibility of inviting competitive bids for electrical maintenance work before concluding that it would be wise to negotiate better terms with the present contractor and seek to take over more of the work, or allocate more of it under separate agreements, when the new contract expired. The new contract certainly contained clauses that were better from the United Nations point of view; in particular, every element of the contract was now subject to audit. The salary scale had been reduced for new employees, as had sick leave and related entitlements, and the Secretary-General was permitted to bring in other television crews and technicians to cover visits by heads of State and other such occasions.

45. Although the new contract lent itself more readily to monitoring, the vacancy rate in the Technical Services Section of OGS was not encouraging. Two Professional posts out of four were currently vacant, and a recommendation by the Administrative Management Service for additional posts was being left in abeyance while those vacancies persisted.

46. Other arrangements for providing the necessary services were being explored, but pending the outcome of negotiations among the many different groups involved it would be too early to give any details.

(Mrs. Weill)

47. The new catering contract was free from most of the deficiencies noted in the previous agreement. The Organization no longer made any advances to the contractor to be disbursed on its behalf; instead, the contractor was directly responsible for meeting all costs. The fact that the catering facilities were provided rent-free had been taken into account, and the Administration had selected the best tender submitted on that understanding.

48. The difficulties of the postal service were manifold, but were different from those encountered in the catering operation. A new and complex computer programme had been introduced, together with different control machinery. Under the new arrangements for revenue-producing activities, the United Nations had more or less taken over the operation of the Gift Centre and the Souvenir Shop, but it was too early to tell what the results of the change would be.

49. If delegations had comments or criticisms to make on contractual services in the United Nations, they could communicate them directly to OGS. From there, the complaints would be relayed to the correct department for a response.

50. The representative of Bangladesh had asked about the percentage of absenteeism in the United Nations. She could give no specific figures on that matter. The relation between absenteeism and overtime payments was straightforward: if a staff member was absent from a post that must be manned, finding a replacement might entail overtime payment. One approach being tried was to call on staff members with a bad record of absenteeism to stand in; another was to enlist the help of the medical service in controlling sick leave.

51. The representative of the United Kingdom had asked about the services and equipment furnished by the travel agency. The current contract between the United Nations and the travel agency was due to expire in a month, but an extension of one year had been recommended. The travel industry was in such a state of flux that in 12 months' time the Secretariat might be handling a great many more of its own travel arrangements. The equipment specified in the original contract with the travel agency had not been installed, but later developments in the systems available made the omission irrelevant. The Organization had all the equipment it needed to obtain the services required.

52. The United Kingdom and United States representatives had raised the matter of \$1.6 million paid to Canteen Corporation without proper supporting documentation (A/41/5, vol. I, para. 110 (d)). In fact, the documents had been supplied too late for reflection in the auditors' report. As was customary, an internal audit of the catering operation would be conducted upon expiry of the current contract. The figures for disbursements to the caterer after March 1985 were lacking because that was when the new contract arrangements had taken effect.

53. The United States representative had asked why overtime costs had risen when the number of overtime hours worked had declined. As had been explained in the Fifth Committee at the fortieth session, quoted overtime costs now included a number of items, such as taxi fares, which had not been included in the past, as a result of negotiations between the staff and management, night differential rates

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(Mrs. Weil)

had gone up and hours worked on Sundays and holidays were now paid as double time instead of time-and-a-half. Accordingly, the decrease in hours of overtime worked had not entirely compensated for the increasing cost of overtime labour.

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54. Mr. MURRAY (Vice-Chairman, Committee for Programme and Co-ordination), introducing the item, said that the recommendations put forward by the Committee for Programme and Co-ordination (CPC) at the present session had been endorsed by the Economic and Social Council in three separate resolutions: 1986/50, 1986/51 and 1986/52.

55. The programme planning system of the United Nations could be divided into two broad phases: a prospective phase, in which desirable performance and achievements were projected into the future, and a retrospective phase, in which the actual performance and achievements of the United Nations were assessed through programme performance reports and evaluation studies. In the early years of the programme planning system, emphasis had naturally been given to questions of methodology and procedure. The continuing development of co-ordination and evaluation tools now allowed scope for improvement in plans and budgets grounded not only in methodology but in an understanding of what the United Nations system actually accomplished.

56. On its own initiative, CPC had spent a considerable amount of time discussing ways of improving its work. It had agreed on a set of conclusions and recommendations presented in paragraphs 25 to 55 of its report. Agreement had not been reached on other issues because some delegations felt that CPC should await the outcome of the work by the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations. The conclusions and recommendations adopted concentrated on the responsibilities of CPC for the review of the medium-term plan and, in particular, priority-setting. Although agreement on a system of priority-setting was a far cry from the actual process, there was no denying that an improved priority-setting system could be of great assistance to the Organization, especially in the current climate. CPC believed that, should the General Assembly decide on reductions or curtailments in the 1987 programme budget, it should do so on the advice of both ACABQ and CPC.

57. CPC had emphasized the importance of the introduction to the medium-term plan in intergovernmental review at the political level, in particular in relation to priority-setting. It had decided to add to its approach a broad focus on trends in the allocation of resources, relative priorities, the fulfilment of objectives, timeliness, efficiency and co-ordination, and called for the documents on future programme budgets to highlight those issues. To promote the concept of the medium-term plan as the principal policy directive of the United Nations, it recommended a brief reference to the relevant subprogramme and programme element in the preface or introduction to each United Nations report or publication.

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58. CPC remained conscious of the importance of its work on co-ordination, monitoring and evaluation; it presented findings and recommendations on those matters in chapter II of its report and elsewhere.

59. As part of its work on programme evaluation, CPC had considered reports on population, mineral resources, DPI, and the News Service of the Department of Political and Security Council Affairs. Many of its findings were of relevance beyond the specific programmes considered. For example, the main problem with its evaluation of the population programme had been the low rate of response to the questionnaires sent out. CPC's review of action taken on its recommendations concerning DPI had revealed a need to devote greater effort to identifying the users of United Nations publications; the need to improve feed-back mechanisms so that the Secretariat and Member States had a better understanding of how users reacted to the Organization's output; and the lack of attention paid to the implementation of decisions and recommendations by CPC endorsed by the Council and the General Assembly. In the case of DPI, CPC had requested a brief follow-up report to be submitted in 1988, while it made a broader recommendation on follow-up under the heading of "Improvement in Secretariat services" (para. 48).

60. For lack of time, CPC had been unable to adopt a text concerning the timeliness of publication by DPI. The Fifth Committee might wish to take action on that text, which could be found in paragraph 15 of the CPC report.

61. CPC had been unable to undertake a detailed review of the programme performance report (A/41/318/Add.1) because of its late issuance. It had reviewed the summary tables and the discussion contained in the main document, while deciding that the detailed tables in the performance report for the biennium 1984-1985 would be covered in its 1987 review of the budget proposals for 1988-1989.

62. The programme performance report for 1984-1985 made clear that many of the 21,600 outputs programmed for that biennium had not been implemented as programmed. Approximately 4,500 had been postponed or terminated, while another 700 had been significantly reformulated. There were still problems with the implementation even of programme elements ranked as "highest priority" in the programme budget. More than 1,200 outputs had been added, either by legislation or on the initiative of the Secretariat. In some cases, those figures revealed a welcome flexibility and dynamism in the Organization. There was, however, a need for improvement in the implementation rates of certain regional commissions and of DPI. In the latter case, implementation of programme elements designated as of high priority had been considered a particularly serious problem. The CPC recommended, in paragraph 66 of its report, that the Board of External Auditors should be requested to include in its reports to the General Assembly findings with regard to the audits of output delivery carried out by the Internal Audit Division.

63. He drew attention to paragraphs 2 and 233 of the CPC report and, in that context, to paragraph 47, where CPC recommended that the length of its sessions should be kept under review.

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64. In conclusion, he expressed the hope that the new format of the CPC report, giving greater emphasis to the Committee's conclusions and recommendations, would enhance its effectiveness.

The meeting rose at 1.25 p.m.