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FINANCIAL REPORTS AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1970 AND REPORTS OF THE BOARD OF AUDITORS

Report of the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its twenty-sixth session

A. United Nations

1. The Advisory Committee on Administrative and Budgetary Questions has examined the financial reports and accounts for 1970, along with the related reports of the Board of Auditors to the General Assembly, in respect of (a) the United Nations and its trust funds and special accounts; (b) the United Nations regular programme of technical assistance and the United Nations and the United Nations Industrial Development Organization as participating and executing agencies for the United Nations Development Programme (Technical Assistance); (c) the United Nations, United Nations Industrial Development Organization and the United Nations Conference on Trade and Development as participating and executing agencies for the United Nations Development Programme (Special Fund); (d) the Special Account of the United Nations Emergency Force; and (e) the Ad Hoc Account for the United Nations Operation in the Congo.

2. The Advisory Committee has discussed with the Board of Auditors matters related to the Board's reports to the General Assembly, which contain the summaries of its major findings and recommendations.

3. The Board of Auditors, following consultations with the Advisory Committee, decided in 1970 to discontinue separate management audits, and rather to include any observations on administrative and management questions in its reports on the audit of the accounts.

4. The Advisory Committee notes that delays in the submission of annual accounts to the Board have prolonged its work and thus led to additional costs. The Advisory Committee trusts that every effort will be made to remedy the situation.
5. In its report, the Board of Auditors cited several cases where the United Nations awarded contracts to firms other than the lowest bidders, thereby incurring extra costs. The Advisory Committee trusts that the Secretary-General will ensure that such exceptions to normal practices are permitted only when they are dictated by the exigencies of the situation.
6. In paragraphs 36 to 40 of its report to the General Assembly, the Board of Auditors dealt with cases where considerable extra expenditures on the printing of documents were incurred because of the failure of author departments to submit the manuscripts within the prescribed time schedule.^{1/} As a result, the printing had to be done in the Headquarters area, where costs are very high. In this connexion, the Advisory Committee draws attention to paragraph 202 of its first report on the budget estimates for 1972,^{2/} where it called upon the Secretary-General to intensify his efforts to assign printing on the widest possible geographic basis at the lowest cost consistent with the required standards.
7. The Advisory Committee notes the observation of the Board of Auditors that some of the prescribed operational procedures were not followed in the award of fellowships administered by the Office of Technical Co-operation.^{3/} The Committee trusts that necessary action will be taken to remedy the situation.
8. In its comments on the United Nations Office at Geneva, the Board of Auditors drew attention to the need to strengthen the management and accounting controls related to the new extension of the Palais des Nations.^{4/} The Advisory Committee hopes that steps will be taken to improve the situation.
9. In paragraph 72 of its report, the Board of Auditors recommended a formal revision of the interim arrangements for the administration of the International Trade Centre, made between UNCTAD and GATT and approved by the General Assembly in

^{1/} Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 7 (A/8407), chap. II.

^{2/} Ibid., Supplement No. 8 (A/8408 and Corr.1 and 2), chap. III.

^{3/} Ibid., Supplement No. 7 (A/8407), chap. II, para. 56.

^{4/} Ibid., paras. 62-64.

its resolution 2297 (XXII) of 12 December 1967. In this connexion, the Advisory Committee draws attention to paragraph 247 of its first report to the General Assembly on the 1972 budget estimates,^{5/} in which it pointed to certain areas where clarification was required in the cost-sharing arrangements between UNCTAD and GATT.

B. United Nations Development Programme

10. The Advisory Committee has examined the financial reports and accounts submitted by the Administrator of UNDP for the year ended 31 December 1970 and the related report of the Board of Auditors.^{6/}

11. In paragraphs 9 to 12 of its report, the Board suggested that weaknesses in the internal financial control of UNDP arose because of the division of responsibility for the keeping of the accounts and records of the Programme between the United Nations Accounts Division and the headquarters of UNDP.^{7/} The Board recommended that the Governing Council, in collaboration with the Secretary-General and by means of appropriate changes in the Financial Regulations and Rules, authorize the Administrator to establish and maintain all accounts, financial records and statements of the funds of UNDP. The Advisory Committee suggests that the situation be reviewed in conjunction with the survey of the Accounts Division soon to be undertaken by the Administrative Management Service.

12. The Advisory Committee notes that the outstanding accounts receivable from approximately 100 Governments at 31 December 1970 totalled \$49,927,000, of which 15.8 per cent, or \$7,898,000, represented amounts owed for 1969 and prior years.

C. United Nations Children's Fund

13. The Advisory Committee has reviewed the financial reports and accounts and the related reports of the Board with regard to (a) the United Nations Children's Fund for the year ended 31 December 1970 and (b) the UNICEF Greeting Card Operation for the year ended 30 April 1970^{8/} and has no comments to offer.

5/ Ibid., Supplement No. 8 (A/8408 and Corr.1 and 2).

6/ Ibid., Supplement No. 7 A (A/8407/Add.1).

7/ Ibid., chap. II.

8/ Ibid., Supplement No. 7 B (A/8407/Add.2).

D. United Nations Relief and Works Agency for Palestine Refugees
in the Near East

14. The Advisory Committee has examined the financial reports and accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 31 December 1970, and the related report of the Board of Auditors.^{9/}
15. The Committee notes with concern that, as pointed out in paragraph 5 of the Board of Auditors' report, the working capital of the Agency was further reduced to \$5,634,668. The Board described the present financial situation as a serious one calling for "immediate remedial measures".
16. In view of the financial difficulties of UNRWA, the high level of losses reported by the Board is particularly unfortunate.

E. United Nations Institute for Training and Research

17. The Advisory Committee has examined the financial reports and accounts of the United Nations Institute for Training and Research for the year ended 31 December 1970, and the related report of the Board of Auditors,^{10/} and has no comments to offer.

F. Voluntary funds administered by the United Nations High
Commissioner for Refugees

18. The Advisory Committee has considered the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1970, together with the related report of the Board of Auditors.^{11/}
19. In paragraphs 8 to 10 of its report, the Board drew attention to the loan situation in Greece. As pointed out in its report on the financial reports and accounts for the financial year ended 31 December 1969 and reports of the Board of Auditors,^{12/} the Advisory Committee inquired into the situation last year and was

^{9/} Ibid., Supplement No. 7 C (A/8407/Add.3).

^{10/} Ibid., Supplement No. 7 D (A/8407/Add.4).

^{11/} Ibid., Supplement No. 7 E (A/8407/Add.5).

^{12/} Ibid., Twenty-fifth Session, Annexes, agenda item 71, document A/8150, para. 26.

informed that, in 1969, the High Commissioner had initiated action to strengthen procedures for the collection of loan repayments, in accordance with the recommendations of the Board. The Advisory Committee notes that the Board could not ascertain the arrears situation as at 31 December 1970 as the required reports had not been received by the Office of the High Commissioner. The difficulties involved in obtaining those reports are being discussed between the Office and the authorities concerned.
