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*Official Records*



**FIFTH COMMITTEE 618th  
MEETING**

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at 3.20 p.m.*

**NEW YORK**

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**Chairman:** Mr. W. H. J. VAN ASCH VAN WIJCK  
(Netherlands).

**AGENDA ITEM 49**

Financial reports and accounts, and reports of the Board of Auditors

(a) United Nations (for the financial year ended 31 December 1956) (A/3590, A/3707)

At the invitation of the Chairman, Mr. van der Tempel, Chairman of the Board of Auditors, took a place at the Committee table.

1. Mr. BENDER (United States of America) asked the Secretary-General's representative to clarify the observation made by the Advisory Committee on Administrative and Budgetary Questions in paragraph 6 of its report (A/3707).

2. Mr. TURNER (Controller) acknowledged the fact that the presentation in the financial report might be subject to misinterpretation. In reality, the sums appropriated by the United Nations in 1956 for the programme of technical assistance had all been used for the purposes for which they had been allocated; expenditure had even exceeded the amount appropriated, and the difference had been covered by an allocation from the Special Account. In such cases henceforward the Secretariat would state in its report that the entire amount of the funds had been used for the purposes for which they had been allocated.

3. The CHAIRMAN proposed that the Committee should recommend to the General Assembly for adoption the following draft resolution:

**"The General Assembly**

"1. Accepts the financial reports and accounts of the United Nations for the financial year ended 31 December 1956 and the certificates of the Board of Auditors (A/3590);

"2. Concurrs in the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its twelfth report to the General Assembly at its twelfth session (A/3707)."

The draft resolution was adopted by 49 votes to none, with 6 abstentions.

(b) United Nations Children's Fund (for the financial year ended 31 December 1956) (A/3591, A/3709)

At the invitation of the Chairman, Mr. Heyward, Deputy Executive Director of the United Nations Children's Fund (UNICEF), took a place at the Committee table.

4. Mr. DONNER (Netherlands) agreed with the observations made by the Advisory Committee in paragraph 5 of its report (A/3709). He wished to know whether it would be possible to learn the cost per card produced and the cost per card sold, so as to permit a comparison of results from year to year and to determine how far the volume of sales had come up to expectations.

5. Mr. QULIANO (Argentina), Mr. GREZ (Chile), Mr. KOURANY (Panama) and Mr. ROSEMOND (Haiti) took note with satisfaction of the financial report and accounts of UNICEF (A/3591) and congratulated the Board of UNICEF on its excellent administration of the Fund. UNICEF was carrying out a humanitarian task of the greatest importance and was obtaining results which should earn for it the gratitude and admiration of Governments.

6. Mr. HEYWARD (Deputy Executive Director, United Nations Children's Fund) thanked the preceding speakers and said that it would be possible to give the cost per card sold and per card produced.

7. The CHAIRMAN proposed that the Fifth Committee should recommend to the General Assembly for adoption 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 1956 and the certificate of the Board of Auditors (A/3591);

"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its fourteenth report to the General Assembly at its twelfth session (A/3709)."

The draft resolution was adopted unanimously.

Mr. Heyward, Deputy Executive Director of UNICEF, withdrew.

**(c) United Nations Korean Reconstruction Agency (for the financial year ended 30 June 1957) (A/3696, A/3715)**

At the invitation of the Chairman, Mr. Coulter, Agent General of the United Nations Korean Reconstruction Agency (UNKRA), took a place at the Committee table.

8. The CHAIRMAN proposed that the Committee should recommend to the General Assembly for adoption, the following draft resolution:

**"The General Assembly**

**"1. Accepts the financial report and accounts of the United Nations Korean Reconstruction Agency for the financial year ended 30 June 1957 and the certificate of the Board of Auditors (A/3696);**

**"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its sixteenth report to the General Assembly at its twelfth session (A/3715)."**

The draft resolution was adopted by 53 votes to none, with 10 abstentions.

Mr. Coulter, Agent General of UNKRA, withdrew.

**(d) United Nations Refugee Fund (for the financial year ended 31 December 1956) (A/3622, A/3708)**

At the invitation of the Chairman, Mr. González Fernández, representative of the High Commissioner's Office for Refugees, took a place at the Committee table.

9. Mr. LENNARD (Canada) wished to ask the representative of the High Commissioner's Office two questions. First, he would like further information regarding the reasons why, in schedule C (Statement of Cash and Investments as at 31 December 1956), mention was made of a "Contribution reported by Radio Netherlands", although, according to the auditors, "the Bank had received no funds to the credit" of the Refugee Fund account (A/3622, para.3). Secondly, he would like to have some explanation of the Board of Auditors' statement that it had not received from the Bank in Shanghai any certificate as to the balance on deposit at the year end, which, for statement purposes, was recorded in the Geneva accounts and included in "Funds at Branch Offices", schedule C to the statement of assets and liabilities (A/3622, para.11).

10. Mr. HAZNAM (Indonesia) said that as of September 1957, the contribution of Radio Netherlands had still not appeared in the bank statements.

11. Mr. GONZALEZ FERNANDEZ (High Commissioner's Office for Refugees) said that he was not in the position to give an immediate reply to the Canadian representative's question, but he was able to inform the Indonesian representative that the sum in question had been deposited to the account of the High Commissioner's Office.

12. The CHAIRMAN proposed that the Committee should recommend to the General Assembly for adoption the following draft resolution.

**"The General Assembly**

**"1. Accepts the financial report and accounts of the United Nations Refugee Fund for the financial year ended 31 December 1956 and the certificate of the Board of Auditors (A/3622);**

**"2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its thirteenth report to the General Assembly at its twelfth session (A/3708)."**

The draft resolution was adopted by 56 votes to none, with 9 abstentions.

Mr. González Fernández representative of the United Nations High Commissioner's Office for Refugees, and Mr. van der Tempel, Chairman of the Board of Auditors, withdrew.

**AGENDA ITEM 46**

**Audit reports relating to expenditure by specialized agencies of technical assistance funds allocated from the Special Account (A/3599, A/3710)**

At the invitation of the Chairman, Mr. Michelmores, representative of the Technical Assistance Board (TAB), took a place at the Committee table.

13. Mr. DONNER (Netherlands) noted with satisfaction that the percentage of the operational services costs of the specialized agencies represented by administrative costs was declining every year, except in the case of the International Labour Organisation, where there had been an increase. The Netherlands delegation would be glad to have some explanation of that. It agreed with the Advisory Committee (A/3710, para.6) that the organizations should follow a uniform policy with regard to the allocation, as between the recipient Government and the awarding organization, of the cost of travel of fellows.

14. Mr. MICHELMORE (Technical Assistance Board) pointed out that it was extremely difficult to define administrative costs and operational services costs and no definition was precise enough to eliminate all overlapping. If that fact was borne in mind, the changes in the percentages given by the Advisory Committee (A/3710, para.3) were practically negligible. Referring to the Netherlands representative's second point, he said that TAB would shortly be considering the allocation of travel costs.

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

**"The General Assembly**

**"Takes note of the audit reports (A/3599) relating to expenditure by specialized agencies of technical assistance funds allocated from the Special Account, for the financial year ended 31 December 1956, and of the observations thereon of the Advisory Committee on Administrative and Budgetary Questions, as set forth in its fifteenth report to the General Assembly, at its twelfth session (A/3710)."**

The draft resolution was adopted by 64 votes to none, with 1 abstention.

Mr. Michelmores, representative of TAB, withdrew.

## AGENDA ITEM 47

**Review of audit procedures of the United Nations and the specialized agencies (A/3584, A/3615)**

16. The CHAIRMAN drew the attention of the members of the Committee to the Secretary-General's recommendation that, in the present circumstances, no change should be made in the existing provisions for an external audit. In paragraph 4 of his report (A/3584), the Secretary-General stated that, although the members of the Board of Auditors had considered that the arrangements for external audit were a matter of policy for decision by the General Assembly, they had been of the opinion that, at least at the present time, the existing arrangements for the detailed audit were satisfactory. The Committee would note that the Advisory Committee shared the Secretary-General's view (A/3615, para.6).

17. Mr. GREZ (Chile) asserted his Government's interest in the establishment of a uniform external audit procedure. The increasing needs of the United Nations and the specialized agencies would thus be met and such a procedure would pave the way for a uniform system of accountancy and, subsequently, for the presentation of a comprehensive budget for all international agencies mentioned.

18. Mr. LENNARD (Canada) recalled that at the seventh session of the General Assembly, the Canadian and Danish delegations had submitted a draft resolution<sup>1/</sup> requesting the Secretary-General to review audit procedures. Since then, the scope and complexity of United Nations activities had steadily increased and the auditors' task had become heavier. In addition, there was a prospect of an increase in external audit costs as a result of changes in the geographical distribution of membership of the Board of Auditors.

19. For those reasons, the Canadian delegation had been very interested in the proposals presented by the Secretary-General at the tenth session relating to the establishment of an Office of External Audit, headed by a Chief Auditor.<sup>2/</sup> However, he was glad to note that the problem had been temporarily solved by the undertaking of the Government of the Netherlands to provide the Organization with a highly qualified staff. In the circumstances, the Canadian delegation was ready to support the Secretary-General's recommendation, which had the approval of the Advisory Committee, i.e., to retain the present system, an audit carried out independently under the supervision of auditors from different countries, which had proved its worth. Finally, in the interest of sound financial administration, the Canadian delegation felt that the accounts of the United Nations and the specialized agencies should be submitted to a continuing and correlated scrutiny and would like the Secretary-General to propose alternatives to the present arrangements if there was any indication that the present high standard could not be maintained or if circumstances arose which might make it possible to introduce an even more effective audit procedure for the growing and increasingly complex accounts of the United Nations and the specialized agencies.

<sup>1/</sup> See Official Records of the General Assembly, Seventh Session, Annexes, agenda item 26, document A/C.5/L.208.

<sup>2/</sup> Ibid., Tenth Session, Annexes, agenda item 43, document A/2974.

20. Mr. GANEM (France) said that he was in full agreement with the Secretary-General and the Advisory Committee but he recognized the validity of some of the Canadian representative's comments. A day might well come when no nation would be generous enough to make a whole staff of highly qualified auditors available to the United Nations. The warmest thanks were due to the Governments of Colombia, Norway and the Netherlands, for having made their Chief Auditors available, and particularly to the Government of the Netherlands, which had provided the largest number of experts.

21. The CHAIRMAN suggested that the Rapporteur might be asked to include in his report a sentence summarizing the attitude of the Fifth Committee, which might read as follows: "The Fifth Committee decided that, until such time as circumstances necessitate a different course, the United Nations should continue to maintain its present system of external audit."

It was so decided.

## AGENDA ITEM 41

**Budget estimates for the financial year 1958 (A/3600 and Add.1, A/3624) (continued)**Reduction in the volume of documentation (concluded)

22. Mr. BENDER (United States of America), referring to the generally expressed wish to reduce the volume of the Secretariat's documentation, thought it might perhaps be appropriate for the Fifth Committee to set an example by deciding, for example, to abridge its Rapporteur's reports to the General Assembly. Admittedly, those were documents of which the Committee had always been justly proud, but as their preparation laid a heavy burden on the Rapporteur and the Secretariat and as delegations seldom had the time to examine them thoroughly, because they were very often not circulated until shortly before their consideration, it might be advantageous to shorten them by omitting the accounts of the discussions, which already appeared in the summary records, and by recording only the decisions taken. The intention was not to abolish the Rapporteur's report completely, but merely to shorten it. He therefore suggested that the Committee should try out that new method in the case of the reports which the Rapporteur would be drafting during the current session, and should decide at the end of the session whether or not the experiment should be continued.

23. Mr. KHALAF (Iraq) pointed out that the Committee's reports were particularly useful to small delegations, like his own, and said that it might be better to make the reduction in the summary records. He also wished to know how large a saving could be made if the United States representative's suggestion was adopted.

24. Mr. CHECHETKIN (Union of Soviet Socialist Republics) endorsed the suggestion made by the United States representative. It would be interesting to know whether the reduction would apply only to the Rapporteur's reports or would extend also to the Secretary-General's reports to the Committee, which admittedly were very often lengthy. Before taking a position in the matter, he would like to have some more facts and, in particular, some data on the total

volume of the Fifth Committee's reports and the expenses which they involved for one session.

25. Mr. LARREA (Ecuador) said he shared the Iraqi representative's misgivings. He was prepared to accept the United States representative's suggestion if the resultant saving was worth while, but he was afraid that the loss would outweigh the economy. He would therefore find it difficult to endorse the suggestion to abridge the Rapporteur's valuable report.

26. Mr. LIVERAN (Israel) considered that the method which had been adopted, after some experiment, with regard to the Committee's reports was a reasonable one. The quality of those reports, which was already very satisfactory, could undoubtedly be improved by applying the principles now observed even more strictly; but no change should be made in the practice followed by the Fifth Committee except as part of a general review of the system governing the reports of all the committees to the General Assembly.

27. Mr. BENDER (United States of America) acknowledged that the Committee's reports were very useful in many respects. Moreover, it would be difficult to maintain that a particular document was of no use to anyone. The question was whether the summary of debates which was now included in the report was really indispensable. In his view, it would be better to leave the summary records as they were and to apply the reduction to the Committee's reports. The saving made would naturally not be very great; it could not be on any single document. But it would at least represent a step in the right direction.

28. Ato Yawand-Wossen MANGASHA (Ethiopia) thought the United States representative's suggestion was well-founded. He hoped that the Secretariat could prepare a document showing the amount and nature of fixed and variable expenses in connexion with documentation, so that the possible economies could be estimated.

29. Mr. CLOUGH (United Kingdom) considered the United States suggestion very well-advised; its adoption would greatly facilitate the work of the Rapporteur, the Secretariat and the Committee. Moreover, the Committee, having at its 617th meeting adopted a draft resolution (A/C.5/L.473) recommending the reduction of documentation, was in duty bound to set an example. By omitting the summary of the proceedings from the Committee's reports, it would be possible to avoid the present overlapping between those reports and the summary records and to follow more closely the practice of the other Committees.

30. In order to enable the Committee to gain some idea of the scope of the measure suggested by the United States representative, he suggested that the Secretariat might draw up, as an example, a condensed report on a subject already dealt with, which the Committee could compare with the original report.

31. Mr. ROSEMOND (Haiti) stressed the importance of the Committee's reports for small countries represented by small delegations. While he agreed that an attempt should be made to condense those reports, they should not be abridged to such an extent that delegations could not find in it information

they needed. In any case, the question should be studied more carefully before any decision was taken.

32. Mr. CERULLI IRELLI (Italy) explained that in voting at the preceding meeting in favour of the draft resolution recommending a reduction in the volume of documentation, he had had principally, if not exclusively, in mind the number of documents published. He hoped that it was not proposed to condense further or to abolish the summary records which were already so concise that they should rather be called "synthetic" records. He was opposed to the idea of imposing strict limits on the Rapporteur which would unduly curtail his freedom of action. To reduce the length of the records or of the reports, the best course would be for delegations to keep their remarks very brief.

33. Mr. MARGAIN (Cambodia) was satisfied with the clarification given by the United States representative and supported his proposal. There was no question of putting pressure on the Rapporteur, but merely of asking him to submit as concise a report as possible. Economies could be effected by eliminating the final printing of the verbatim records of plenary meetings and of the summary records of committee meetings, since those documents did not appear to be indispensable.

34. Mr. GANEM (France) doubted whether it would be easy to reduce the Committee's reports to any great extent, for the extremely technical questions which it discussed required clear and precise wording. When the Rapporteur had presented to the General Assembly (705th plenary meeting) a rather lengthy report on the principles to be formulated for the guidance of the Committee on Contributions (A/3698), he had made only a very brief statement. If his report had been as concise as the United States representative would wish, the General Assembly would probably have lacked certain necessary items of information. It would perhaps be wiser to refer the matter to the committee established under the draft resolution adopted by the Committee at the 617th meeting.

35. Mr. TURNER (Secretariat) said that the discussion showed how difficult it was to apply in practice reductions which all members of the Committee agreed, in principle, were necessary. In the past the Fifth Committee's report had amounted to some 250 pages annually; the attempt could, of course, be made to estimate the direct and indirect costs of translation, printing and distribution, but those estimates would probably not be sufficient to solve the problem. As the United States representative had rightly observed, the economies made would not be spectacular, and would result from a large number of modest, gradual and sporadic reductions.

36. So as far as he knew, the Fifth Committee's reports received favoured treatment as compared with those of the other committees, but that was to be explained by the special nature of its work and by the number of items on its agenda.

37. Mr. CHECHETKIN (Union of Soviet Socialist Republics) proposed that the Rapporteur should be asked to prepare two reports on questions already examined by the Committee — one prepared in the usual way, the other taking into account the suggestion of the United States representative — so that the Com-

mittee might make a choice in full possession of the facts.

38. Mr. GANEM (France) suggested that the Rapporteur should be left free to draft his report as he saw fit; the Committee could then itself make any reductions it considered necessary.

39. The CHAIRMAN proposed that the Committee should ask the Rapporteur to prepare two reports on a question it had already examined, as the United Kingdom and USSR representatives had suggested.

40. Mr. DE PINIES (Spain), Rapporteur, suggested

that this should be done for the question of public information activities.

It was so decided.

41. Mr. BENDER (United States of America) approved the decision which had just been taken and announced that he was prepared to co-operate with the Secretariat or the Rapporteur in preparing the report which was to be drafted in accordance with his proposal.

The meeting rose at 5.20 p.m.