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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 Fifth Committee

Rapporteur: Mr. Babooram RAMBISOON (Trinidad and Tobago)

1. At its 1426th, 1427th and 1428th meetings, held on 4, 6 and 7 October 1971, respectively, the Fifth Committee considered the financial reports and accounts for the year ended 31 December 1970 and the reports of the Board of Auditors of the United Nations,^{1/} the United Nations Development Programme,^{2/} the United Nations Children's Fund,^{3/} the United Nations Relief and Works Agency for Palestine Refugees in the Near East,^{4/} the United Nations Institute for Training and Research,^{5/} and the voluntary funds administered by the United Nations High Commissioner for Refugees.^{6/}
2. The related report of the Advisory Committee on Administrative and Budgetary Questions (A/8350) covering the six sets of financial reports and accounts was also before the Committee.

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

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

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

4/ Ibid., Supplement No. 7 C (A/8407/Add.3).

5/ Ibid., Supplement No. 7 D (A/8407/Add.4).

6/ Ibid., Supplement No. 7 E (A/8407/Add.5).

3. The Auditor-General of Canada, and member of the Board of Auditors, presented the reports in an oral statement before the Fifth Committee.

4. At the 1427th meeting of the Committee, some delegations called attention to a number of comments made by the Board of Auditors in its report on the financial reports and accounts of the United Nations^{7/} wherein the Board cited instances where it felt that failure to observe the Financial Rules and Regulations or to abide by prescribed operational procedure had involved the Organization in unnecessary expenditures. In oral statements before the Committee, the Controller, the Assistant Secretary-General for General Services and the Director of the Office of Technical Co-operation responded to specific queries from the delegations.

5. The necessity of having, in future reports of the Board, a clear indication of what action had been taken to correct such irregularities was stressed by some delegations. One delegation suggested that the Fifth Committee's customary draft resolution on the United Nations accounts was inadequate and that it should call for more forceful action. After a brief discussion on the question of the addition of a paragraph to the customary draft resolution, the Committee, at its 1428th meeting, adopted the following paragraph as paragraph 3 of the draft resolution (see paragraph 9, draft resolution A):

"Requests the Secretary-General, in the light of the discussion in the Fifth Committee, to take such remedial action as may be required by the comments of the Board of Auditors."

6. A few delegations, while concurring in the approval of the United Nations financial reports and accounts for 1970 submitted by the Board of Auditors, reiterated their objection to the inclusion in the regular budget of expenditures related to the financing of the repayment of amortization and interest charges on the United Nations bonds, to the maintenance of the United Nations Commission for the Unification and Rehabilitation of Korea and to the United Nations Memorial Cemetery in Korea. These delegations considered inclusion of such expenditure items in the budget to be in contravention of the United Nations Charter. One delegation also reaffirmed its opposition to the financing of technical assistance from the regular budget. In its opinion, technical assistance should be financed solely through voluntary contributions.

^{7/} Ibid., Supplement No. 7 (A/8407).

7. Regarding the financial reports and accounts of the United Nations Development Programme (UNDP), the Board of Auditors, in paragraphs 9 to 12 of its report^{8/} suggested that existing weaknesses in the internal financial control of UNDP arose because of the division of responsibility for the keeping of its accounts between the United Nations and UNDP. The Board recommended that the Governing Council of UNDP, in collaboration with the Secretary-General, and by means of appropriate changes in the Financial Regulations and Rules of the United Nations Development Programme, authorize the Administrator of UNDP to establish and maintain all accounts and financial records of UNDP. In addition, adoption of such a recommendation would be complementary to the transfer of responsibility for the custody and investment of UNDP funds to the Administrator. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 11 of its report (A/8350), suggested that the situation be reviewed in conjunction with the manpower utilization survey of the United Nations Accounts Division soon to be undertaken by the Administrative Management Service.

8. At the 1426th meeting of the Committee, in the course of the discussion on the UNDP accounts, some delegations expressed their support for the recommendations of the Board and the Advisory Committee on this matter. One delegation, however, called attention to the fact that, whereas the keeping of accounts was an administrative matter, the custody and investment of funds was an important policy issue on which the General Assembly needed to express itself before any change in procedure could be undertaken. Furthermore, it was the opinion of this delegation that, although such a change might be desirable in the future, until the present difficult financial situation in which the Organization found itself had improved, the Secretary-General should continue to retain such custodial and investment responsibilities. Other delegations concurred in these views and also raised a question regarding the costs involved in the event of such a transfer of functions.

RECOMMENDATIONS OF THE FIFTH COMMITTEE

9. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolutions:

^{8/} Ibid., Supplement No. 7 A (A/8407/Add.1), chapter II.

Financial reports and accounts for the year ended 31 December 1970
and reports of the Board of Auditors

A

United Nations

The General Assembly

1. Accepts the financial report and accounts of the United Nations for the year ended 31 December 1970 and the certificates of the Board of Auditors;^{9/}
2. Concurs in the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report;^{10/}
3. Requests the Secretary-General, in the light of the discussion in the Fifth Committee, to take such remedial action as may be required by the comments of the Board of Auditors.

B

United Nations Development Programme

The General Assembly

1. Accepts the financial report and accounts of the United Nations Development Programme for the year ended 31 December 1970 and the certificates of the Board of Auditors;^{11/}
2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report.^{12/}

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

^{10/} A/8350.

^{11/} Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 7 A (A/8407/Add.1).

^{12/} A/8350.

C

United Nations Children's Fund

The General Assembly

1. Accepts the financial report and accounts of the United Nations Children's Fund for the year ended 31 December 1970 and the certificates of the Board of Auditors;^{13/}
2. Takes note of the report of the Advisory Committee on Administrative and Budgetary Questions.^{14/}

D

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

The General Assembly

1. Accepts the 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 certificates of the Board of Auditors;^{15/}
2. Takes note of the observation of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report.^{16/}

E

United Nations Institute for Training and Research

The General Assembly

1. Accepts the financial report and accounts of the United Nations Institute for Training and Research for the year ended 31 December 1970 and the certificates of the Board of Auditors;^{17/}

^{13/} Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 7 B (A/8407/Add.2).

^{14/} A/8350.

^{15/} Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 7 C (A/8407/Add.3).

^{16/} A/8350.

^{17/} Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 7 D (A/8407/Add.4).

2. Takes note of the report of the Advisory Committee on Administrative and Budgetary Questions.^{18/}

F

Voluntary funds administered by the United Nations
High Commissioner for Refugees

The General Assembly

1. Accepts the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1970 and the certificates of the Board of Auditors;^{19/}

2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report.^{20/}

^{18/} A/8350.

^{19/} Official Records of the General Assembly, Twenty-sixth Session, Supplement No. 7 E (A/8407/Add.5).

^{20/} A/8350.