

**UNITED NATIONS
INSTITUTE FOR TRAINING AND RESEARCH**

**FINANCIAL REPORT
and
AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 1986
and
REPORT OF THE BOARD OF AUDITORS**

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-SECOND SESSION
SUPPLEMENT No. 5D (A/42/5/Add.4)



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UNITED NATIONS

New York, 1987

NOTE

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LETTERS OF TRANSMITTAL

26 May 1987

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the annual accounts of the United Nations Institute for Training and Research as at 31 December 1986, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Michel DOO KINGUE
Under-Secretary-General
of the United Nations and
Executive Director of the
United Nations Institute for
Training and Research

The Chairman of the Board of Auditors
United Nations
New York

22 June 1987

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1986, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the Report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) R. T. NELSON
Auditor General of Ghana
and Chairman of the
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

1. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1986

Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1986, of the United Nations Institute for Training and Research (UNITAR). This report is presented in accordance with article IV, paragraph 3 (i), of the statute of the Institute.

Statement I

UNITAR General Fund: status of appropriations

2. Statement I gives the status of appropriations for the year ended 31 December 1986. The original appropriation was \$2,100,000, and the revised appropriations raised the amount to \$2,553,000. The \$453,000 increase in the original appropriations was authorized at the meeting of the UNITAR Board of Trustees in April 1986. Total expenditures amounted to \$2,273,729. The UNITAR appropriations represent the amounts authorized by its Board of Trustees for specified purposes for a financial period, against which obligations may be incurred for those purposes up to the amounts so authorized. The UNITAR concept of appropriations is that of an approved budget in the sense that the unobligated balance at the end of the financial period merely shows the difference between the actual expenditures and the approved budget.

Statement II

UNITAR General Fund: statement of income and expenditure

3. The amount of \$1,269,407 shown in statement II was pledged by Governments as contributions to the General Fund for 1986 (schedule 3.1). In addition, \$1,201,207 was received as other income, which brought the total income for the year to \$2,470,614. The expenditures for the year amounted to \$2,273,729. As a result, there was an excess of income over expenditure of \$196,885. Other income includes the balance of \$900,000 from the \$1.5 million grant approved by the General Assembly in its resolution 39/177 of 17 December 1984 and decision 40/451 of 17 December 1985 to supplement the funds raised through voluntary contributions.

Statement III

UNITAR General Fund: statement of assets and liabilities

4. The General Assembly, in its resolution 39/177, approved a grant up to \$1.5 million from the United Nations regular budget to the UNITAR General Fund, on an exceptional basis, to supplement the funds raised through voluntary contributions for the General Fund in order to enable the Institute to carry out a minimum training and research programme in 1985 at a level to be decided by the Board of Trustees. By its decision 40/451, the Assembly extended the grant to cover the 1986 work programme.

5. Statement III reflects the assets and liabilities of the General Fund as at 31 December 1986. The assets, totalling \$1,690,546, consisted of cash in the amount of \$34,542, pledged contributions unpaid in the amount of \$1,317,195, accounts receivable of \$318,339 and deferred charges of \$20,470. The liabilities of the General Fund amounted to \$2,067,968. Of this, \$41,481 was for accounts payable, \$52,395 was for unliquidated obligations (statement I), \$614,879 was due to the United Nations General Fund, and \$573,213 was recorded as deferred income from future years' pledges. Also included in the liabilities was a reimbursable advance of \$786,000 from the United Nations General Fund, approved by the General Assembly in its resolution 38/177 of 19 December 1983; repayments began in 1986.

6. The fund balance as at 31 December 1986 for the UNITAR General Fund shows a deficit of \$377,422. This balance comprises the deficit as at 1 January 1986 of \$574,307, less the excess of income over expenditure (statement II) of \$196,885.

Statement IV

UNITAR Capital Assets Fund: statement of assets and fund balance

7. The \$465,000 shown in statement IV for the leasehold and building represents the amount paid for the leasehold located at 805 First Avenue, United Nations Plaza, New York, at the time of its assignment to the United Nations. Of this, \$450,000 was donated to the United Nations by a foundation for use by the Institute. The leasehold will expire in the year 2035.

Statement V

UNITAR Special Purpose Grants Fund: statement of income and expenditure

8. Statement V shows the income and expenditure of the Special Purpose Grants Fund. A total of \$1,853,300 was received during 1986 as grants. After adding interest income of \$73,692, savings in liquidation of prior year's obligations of \$220,703, miscellaneous income of \$45,530 and exchange gain of \$71,009, the total income for this Fund was \$2,264,234. The total expenditure of \$2,415,190 (schedule 5.1) represents disbursements of \$1,724,954 plus unliquidated obligations of \$690,236. The excess of expenditure over income amounted to \$150,956.

UNITAR Special Purpose Grants Fund: statement of assets and liabilities

9. The assets and liabilities of the Special Purpose Grants Fund as at 31 December 1986 are shown in statement V. The total assets of \$2,241,554 consist of cash of \$1,254,032, cash in non-convertible currencies of \$624,000, accounts receivable of \$281,877 and deferred charges of \$81,645. The liabilities totalled \$786,305, including \$7,918 in accounts payable, \$690,236 in unliquidated obligations and \$88,151 due to the United Nations General Fund (schedule 5.1).

10. The balance of the Special Purpose Grants Fund was \$1,455,249 as at 31 December 1986. This represents a decrease of \$150,956 from the fund balance for the year ended 31 December 1985, which corresponds to the excess of expenditure over income.

Summary of significant accounting policies

11. The significant accounting policies of UNITAR are outlined in the notes to the financial statements (see annex).

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by article VIII, paragraph 6, of the statute of the United Nations Institute for Training and Research (UNITAR), the Board of Auditors has audited the accounts of UNITAR for the year ended 31 December 1986.

2. The examination was carried out in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was conducted at the Institute's headquarters in New York and at its office at Dakar.

3. The following are the most significant matters from our 1986 audit and are intended to assist the Administration in considering and introducing further improvements in the financial management and control system of UNITAR. We have discussed these matters with the Administration, whose reactions have been incorporated where appropriate.

Summary of recommendations

4. We recommend that the following corrective actions, presented in order of priority, be taken:

(a) The existing form of agreement on the funding of UNDP projects executed by the Institute should be reviewed with a view to making it more favourable to UNITAR;

(b) The provisions of the UNITAR Policies and Procedures Manual that require expenditures to be incurred on the basis of the receipt of grants from the donors should be strictly applied;

(c) Prior consultations should be held between UNITAR and responsible servicing offices of United Nations Headquarters regarding the processing of personnel actions to ensure that they are completed on a timely basis;

(d) With regard to cash management, prompt action should be taken on reconciling items identified through bank reconciliations;

(e) Steps should be taken to ensure that the final financial statements are submitted to the Board of Auditors within the period stipulated in the Financial Regulations and Rules.

Summary of findings

5. Our review of technical project activities indicated that the existing agreement on the funding of UNDP projects executed by UNITAR was not financially favourable to the Institute.

6. We observed that the provisions of the UNITAR Policies and Procedures Manual that require expenditures to be incurred on the basis of the receipt of grants from the donors had again not been followed in all cases. As a result, deficit expenditures had continued to be incurred on a number of project accounts.

7. Our audit of payroll and personnel systems showed that appointment actions in respect of a few staff members had been delayed.

8. Prompt action had not been taken on a reconciling item in a bank reconciliation statement.

9. Contrary to the requirement of article VIII, paragraph 6, of the statute of UNITAR and United Nations financial rule 111.4, the financial statements for the financial period ended 31 December 1986 were submitted about two months after the stipulated deadline.

Technical co-operation activities

Funding arrangement for UNITAR/UNDP projects

10. When UNITAR agrees to execute a UNDP project, it receives, under the existing form of agreement, referred to as an "arrangement letter", a first instalment representing about half of the project's budget. The balance (actual expenditures plus administrative support costs) is reimbursed to the Institute upon completion of the project activities and receipt of a final statement of accounts and a project implementation report.

11. Our review indicated that under the existing funding arrangement, UNITAR had to pre-finance a large part of a project's costs before it received reimbursement, which was straining the already scarce resources of the Institute.

12. The financial burden was aggravated by the fact that the Administration was unable to obtain and submit to UNDP the relevant final statements on a timely basis, which caused delays in reimbursement by UNDP.

13. For example, we noted in our review that, for three projects that had been launched between April and December 1986 and completed by March 1987 (one in June 1986), UNITAR had received, as of April 1987, only \$28,600, or 36 per cent, of a total budget of \$80,040.

14. We considered that the Institute might not find it financially advantageous to undertake more projects under the current funding arrangement with UNDP and recommended that the Administration should negotiate with UNDP to obtain executing agency status for UNITAR, which would entitle it to full payment of project costs in advance.

15. The Administration agreed with the recommendation but pointed out that its previous attempt at obtaining executing agency status had been unsuccessful. Nevertheless, the Administration promised to pursue its efforts in that area or, as an alternative, to negotiate for full payment of the direct executing costs in advance and deferred payment of other expenditures, such as staff costs and programme support costs.

Financial administration of special-purpose grants projects

16. In our report for 1985, 1/ we expressed concern about certain deficiencies in the financial administration of special-purpose grants projects, namely the charging of expenditures to project accounts prior to the receipt of grants and the incurring of expenditures in excess of grants received from donors.

17. In this connection, we recommended, and the Administration agreed to, a number of measures aimed at assisting it further to improve the financial administration of special-purpose grants projects. We observed in our audit that the cycle of these financial control weaknesses had not been completely broken, as shown by the following examples:

(a) A deficit of \$53,532 was incurred on a project with no firm assurance that the funds to liquidate it would be received;

(b) The Administration had not succeeded in obtaining reimbursement for a deficit of \$60,690 incurred on a project since the end of the financial year 1984.

18. As a corollary to the situation described in the preceding paragraph, our comparative analysis of the financial statements of the Special Purpose Grants Fund disclosed that the total deficit had increased to \$258,016 on eight projects in 1986 from \$88,287 on five projects in 1985.

19. We reiterated the recommendations made in our last report 1/ and emphasized the need for the Administration to endeavour, in particular, to apply the relevant provisions of the UNITAR Policies and Procedures Manual (UNITAR/EX/R.93/Rev.1, para. 20), which required expenditures to be incurred on the basis of the receipt of grants from the donors. Furthermore, the terms of the standard special-purpose grant agreement regarding unforeseen expenditures should be followed as far as possible.

20. In its response, as on a previous occasion, the Administration explained, inter alia, that most projects about which the Board had made critical remarks had been under way for some time and their activities could not be stopped in the middle because of the delay in the receipt of subsequent payments by the donors. Trust was required between UNITAR and its traditional donors, which explained why some of the provisions of the UNITAR Policies and Procedures Manual could not be applied strictly. The 1985 deficit of \$88,287 included \$60,690 carried forward from previous years for one project jointly managed by UNITAR and UNDP; the Institute's efforts to get the required money from UNDP to clear that deficit had been unsuccessful. The rest of the deficit for 1985 and 1986 could not be considered a deficit in the real sense, as expenditures had been incurred on a reimbursable basis and adjusted against subsequent contributions. The apparent increase in the deficit in 1986 was also due to the poor performance of a multi-agency/multi-donor project from which UNITAR had withdrawn at the end of 1986.

1/ Official Records of the General Assembly, Forty-first Session, Supplement No. 5D (A/41/5/Add.4), sect. II.

21. We recognize the operational considerations in this funding approach, but in view of the financial strains that it creates, we are of the view that the application of existing policies and procedures is a sine qua non in order to improve further the effectiveness of the financial administration of special-purpose grants projects.

Payroll and personnel systems

Staff appointments and promotions

22. Our examination of the payroll and personnel systems showed that action on staff appointments and promotions in certain cases had been delayed, which could affect the morale of the staff members concerned.

23. In this regard, we noted that although the promotions of two staff members had been approved by the UNITAR Appointment and Promotion Board in 1985, action on the relevant forms submitted to the servicing offices of United Nations Headquarters had not been completed as of April 1987 because questions had been raised concerning, inter alia, the application of the Staff Rules of the United Nations. Consequently, we observed that the salary status of the concerned staff members in UNITAR records differed from the payroll records of the servicing office.

24. In view of the delay in dealing with the questions involved and the adverse effect on staff morale, we recommended that the Administration should pursue its efforts to resolve these cases without further delay.

25. We also recommended that UNITAR and the responsible offices of United Nations Headquarters should hold prior consultations on personnel and similar matters to ensure that action was completed on a timely basis.

26. The Administration agreed with our recommendation and subsequently informed us that it had succeeded in securing the implementation of the pending action for one of the staff members concerned in May 1987. In the case of the other staff member, however, the Administration stated that it had explained its position to the responsible office of United Nations Headquarters in May 1985 but had received no reply. The Administration hoped that the remaining action would be completed without further delay.

Cash management

27. Our audit of cash management disclosed that a contribution of \$2,062 made by a donor in 1985 had remained in the reconciliation statement for 19 months before a receipt had been issued in 1986 and the amount had been cleared from the reconciliation statement. In addition to this omission in the internal control function, financial rule 108.2, which required that receipts should be issued on the date of receipt for all moneys received, was contravened.

28. We considered that delays in taking appropriate action on reconciling items weakened the effectiveness of the required internal control in cash management. We therefore recommended that prompt action should be taken on all reconciling items identified in reconciliation statements.

29. The Administration stated that the cash receipt had been issued after details relating to the contribution had been obtained from the bank and that it would continue to make the necessary effort to obtain details from the bank relating to unidentified amounts deposited by contributors.

Financial reporting

30. Contrary to the requirements of article VIII, paragraph 6, of the statute of UNITAR and United Nations financial rule 111.4, the Administration submitted the final financial statements for the financial period ended 31 December 1986 to the Board of Auditors about two months after the stipulated deadline of 31 March 1987.

31. We noted that the delay was attributed to the length of time taken by UNITAR and the Accounts Division of the United Nations Secretariat to resolve discrepancies regarding the accounting disclosure for programme support cost income of about \$146,000 received during 1986.

32. In this connection, we noted the need for UNITAR to increase its contacts with the Accounts Division of the Secretariat in order to ensure, inter alia, that transactions were properly considered and accordingly reported and that financial statements were submitted to the Board of Auditors in accordance with the applicable financial rules.

33. The Administration informed us that UNITAR would increase its contacts with the Accounts Division in order to resolve outstanding issues promptly and to ensure the timely completion of the financial statements.

Comments on matters dealt with in the 1985 report

34. We followed up on action taken by the Administration on our observations and recommendations made in the report for 1985. 1/ Our review indicated that the Administration had taken action on a number of these matters but that further action was required, particularly in the area of the financial management of special-purpose grants projects. In addition, the Administration had yet to complete action on certain matters mentioned in our previous report. 1/

35. The present report includes appropriate comments in this regard.

Project AGA 91800: Strategies for the Future of Africa

36. Our follow-up of project management at the UNITAR office at Dakar showed that, owing to the dissatisfaction of the Administration with both the financial management and the operational output of the project, UNITAR had reconfirmed its earlier decision to withdraw from the project after 31 December 1986. We were informed that the project was currently under the administration of the United Nations Research Institute for Social Development.

37. In this regard, the Administration also stated that it had already approached the donors to make good the deficit (\$60,441) in the project account and that cut-off measures were also being taken.

Awarding of publications contracts

38. We observed that in July 1986 the Administration had formally appointed a four-member committee responsible for the awarding of publications contracts but that written guidelines had not been provided to the committee regarding its mandate and procedures. Moreover, our review showed that the committee had not been involved in the award of contracts for the publication of five books that had taken place after its appointment.

39. We recommended that the Administration should provide documented guidelines on the awarding of publications contracts to ensure a more formal approach to the matter.

40. The Administration explained that the contracts awarded were related to the acceptance of an author by a prestigious publisher, who had agreed to produce the publication concerned at no cost to UNITAR. Since no other author was accepted, the involvement of the committee was unnecessary. However, the Administration promised to issue the guidelines suggested by the Board.

Imprest account

41. The Administration has not been able to secure an appropriate revision to the existing modification agreement with a view to establishing the legality of the operation of an imprest account by an agent, as recommended in our last report. 1/ We reminded the Administration to pursue the matter with the Accounts Division of the United Nations Secretariat.

42. In this respect, we were subsequently informed by the Accounts Division that UNITAR and the agent had commenced work on a draft revision of the modification agreement to provide for the operation of the imprest account. The revision will be cleared by the Office of Financial Services of the Secretariat since, under the terms of the agreement between UNITAR and the United Nations, only the United Nations is authorized to establish an imprest fund.

Rent due from a former tenant

43. With regard to the rent arrears due from a former tenant of the UNITAR building, the Administration informed us that it had received no further payments since March 1986, when the tenant paid \$5,000, but that it had been assured that the balance of \$139,026 would be paid.

Roster of experts and consultants

44. In connection with our recommendation that a roster of candidates from which experts and consultants could be selected should be maintained, the Administration explained that the document had not been prepared in final form for lack of staff. However, it agreed to our suggestion that the roster should be completed as soon as possible. The Administration also called our attention to the fact that since UNITAR had access to the rosters of other United Nations organizations, its own roster would be a limited one.

Acknowledgement

45. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Executive Director, his officers and members of their staff.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) André CHANDERNAGOR
Senior President,
Audit Office of France

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit,
the Philippines

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to V, properly identified, and relevant schedules of the United Nations Institute for Training and Research for the financial period ended 31 December 1986. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances. As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the organization as at the end of the period and the results of its operations for the period then ended. The financial statements were prepared in accordance with the stated accounting principles, which were applied on a basis consistent with that of the preceding financial period, and the transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) R. T. NELSON
Auditor General of Ghana

(Signed) André CHANDERNAGOR
Senior President,
Audit Office of France

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit,
the Philippines

19 June 1987

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to V, are correct.

(Signed) J. Richard FORAN
Controller

22 April 1987

V. FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1986

STATEMENT I

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Status of appropriations for the year ended 31 December 1986

(United States dollars)

Budget chapter	Appropriations			Expenditure			Unobligated balance
	Original	Supplementary a/	Revised	Disbursements	Unliquidated obligations	Total	
I. Board of Trustees	70 000	10 000	80 000	72 119	5 890	78 009	1 991
II. Office of the Executive Director (OED)	335 000	20 000	355 000	344 510	5 022	349 532	5 468
III. OED - Publications and Information Unit	63 000	32 000	95 000	79 293	2 000	81 293	13 707
IV. OED - External Co-ordination and Board of Trustees Secretariat	72 000	37 000	109 000	104 885	-	104 885	4 115
V. OED - Finance and Administration	299 000	13 000	312 000	274 160	-	274 160	37 840
VI. Division of Training	365 000	63 350	428 350	357 607	17 721	415 328	13 022
VII. Division of Research	245 000	4 000	249 000	215 040	17 087	232 127	16 873
VIII. UNITAR European Office, Geneva	127 000	25 000	152 000	155 811	265	156 076	(4 076)
IX. Operational costs	524 000	248 650	772 650	577 909	4 410	582 319	190 331
Total	<u>2 100 000</u>	<u>453 000</u>	<u>2 553 000</u>	<u>2 221 334</u>	<u>52 395</u>	<u>2 273 729</u>	<u>279 271</u>

a/ Adjustments made with the approval of the Board of Trustees.

STATEMENT II

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Statement of income and expenditure for the year ended 31 December 1986

(United States dollars)

	1986	1985
Income		
Government contributions	1 269 407	1 698 871
Subvention from the United Nations	900 000 a/	600 000
Income from programme support costs	146 271	102 767
Interest income	13 694	4 927
Rental income	82 450	47 414
Sale of publications	23 398	143
Royalty	3 123	4 125
Refund of prior year's expenditure	-	20 843
Savings in liquidation of prior year's obligations	7 271	3 380
Gain on exchange	21 729 b/	-
Miscellaneous income	3 271	28 251
Total income	2 470 614	2 510 721
Expenditure		
Staff and other personnel costs	1 409 911	1 508 512
Outside expertise	47 862	108 268
Security services	63 687	25 695
Staff travel	42 622	46 273
Travel of participants	40 226	2 355
External audit	14 748	13 836
Fund-raising	29 457	30 612
Panels and conferences	-	2 581
Regular and special sessions of the Board of Trustees	76 030	73 606
Supplies and materials	10 522	10 167
Furniture and equipment	27 725	57 077
Library books, documents and periodicals	2 449	2 228
Documentation and publications	18 860	5 742
Communications	86 506	121 406
Premises	349 050	300 195
Subsidies for special projects	42 259	36 124
Public relations and hospitality	8 940	20 875
Loss on exchange	-	19 910
Miscellaneous expenses	2 875	21 903
Total expenditure (statement I)	2 273 729	2 407 365
Excess of income over expenditure (statement III)	196 885	103 356

a/ Represents the balance of the grant of up to \$1.5 million approved by the General Assembly in its resolution 39/177 of 17 December 1984 and decision 40/451 of 17 December 1985 to supplement the funds raised through voluntary contributions for the UNITAR General Fund.

b/ Comprises a \$22,737 gain on pledged contributions (schedule 3.1) and a \$1,008 loss on other transactions.

STATEMENT III

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Statement of assets and liabilities as at 31 December 1986

(United States dollars)

	1986	1985
Assets		
Cash	34 542	143 028
Pledged contributions unpaid (schedule 3.1)	1 317 195	1 318 697
Accounts receivable	318 339	316 943
Deferred charges	20 470	33 958
Total assets	1 690 546	1 812 626
Liabilities		
Accounts payable	41 481 a/	75 801
Unliquidated obligations (statement I)	52 395	43 099
Due to United Nations General Fund	614 879	726 978
Advance from United Nations General Fund	786 000 b/	886 000
Deferred income	573 213	655 055
Total liabilities	2 067 968	2 386 933
Fund balance		
Balance available as at 1 January 1986	(574 307)	(677 663)
Add: Excess of income over expenditure (statement II)	196 885	103 356
Balance available as at 31 December 1986	(377 422)	(574 307)
Total liabilities and fund balance	1 690 546	1 812 626

a/ Excludes contingent liability for the payment of pension fund contributions of approximately \$280,000 for former UNITAR holders of letters of award who have applied for retroactive participation in the United Nations Joint Staff Pension Fund.

b/ An advance of \$886,000 was approved by the General Assembly in its resolution 38/177 of 19 December 1983 to cover the deficit in the Institute's budget for 1983.

ANNEXURE 3.1

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - GENERAL FUND

Schedule of pledged contributions unpaid as at 31 December 1986

(United States dollars)

Countries	Unpaid pledges as at 1 January 1986	Add:		Less: collections during 1986	Less: loss (gain) on exchange	Unpaid pledges as at 31 December 1986
		pledges for 1986 and adjustments of prior pledges	Add: pledges for future years			
Algeria	515	-	-	-	-	515
Argentina	-	40 000	-	38 214	-	1 786
Austria	-	28 249	35 211 g/	32 000	(3 751)	35 211
Bahamas	-	1 000	-	1 000	-	-
Bangladesh	2 000	-	-	1 990	-	10
Barbados	250	-	-	250	-	-
Burundi	(594)	1 471	-	-	71	806
Cameroon	4 034	30 368	36 474	34 994	(5 656)	41 538
Chile	-	5 000	5 000	5 000	-	5 000
China	20 000	20 000	10 000	40 000	-	10 000
Congo	15 000	-	-	-	-	15 000
Côte d'Ivoire	-	22 000	-	22 000	-	-
Cuba	3 000	-	-	-	-	3 000
Cyprus	-	500	-	500	-	-
Democratic Yemen	2 350	140	-	-	-	2 490
Denmark	-	54 878	-	54 430	448	-
Egypt	-	6 000	6 000	-	-	12 000
Finland	-	110 092	122 449 g/	115 163	(5 071)	122 449
France	-	39 216	45 662	43 165	(3 949)	45 662
Gabon	-	59 701	-	-	(1 089)	60 790
Greece	-	5 000	5 000	5 000	-	5 000
Guyana	-	267	-	267	-	-
India	25 000	25 000	-	25 000	-	25 000
Indonesia	4 000	-	4 000	-	-	8 000
Iran, Islamic Republic of	-	10 000	-	10 000	-	-
Iraq	15 000	-	-	-	-	15 000
Ireland	-	16 308	-	16 308	-	-
Israel	-	4 000	4 000	8 000	-	-
Italy	-	75 802	122 302 g/	87 587	(11 785)	122 302
Jamaica	-	2 000	2 000	2 000	-	2 000
Japan	-	100 000	-	100 000	-	-
Kenya	981	982	-	992	(11)	982
Kuwait	-	20 000	20 000	20 000	-	20 000
Luxembourg	-	2 449	1 333 g/	2 864	(115)	3 333
Malawi	-	1 688	872 g/	1 634	54	872
Mali	500	-	-	-	-	500
Malta	-	681	-	681	-	-
Mauritius	-	500	-	500	-	-
Nigeria	-	20 969	-	-	8 079	12 890
Norway	-	152 450	-	133 774	(1 324)	-
Oman	-	10 000	-	-	-	10 000
Pakistan	10 000	15 000	15 000	-	-	40 000
Philippines	10 000	10 000	5 000	20 000	-	5 000
Republic of Korea	-	9 333	9 333 g/	9 333	-	9 333
Saudi Arabia	-	100 000	-	100 000	-	-
Senegal	-	3 000	3 000	1 000	-	3 000
Spain	80 000	32 258	-	32 940	(682)	80 000
Sweden	-	114 745	-	114 745	-	-
Switzerland	-	97 561	107 143	97 561	-	107 143
Togo	-	1 504	-	1 504	-	-
Trinidad and Tobago	-	6 924	-	4 146	-	2 778
Tunisia	1 988	2 342	2 171	2 062	97	4 342
Turkey	-	-	2 000	-	-	2 000
Uganda	5 000	-	-	-	-	5 000
United Republic of Tanzania	(3 582)	3 582	1 263	-	-	1 263
United States of America	422 000	-	-	-	-	422 000
Uruguay	-	1 000	-	1 000	-	-
Venezuela	-	19 347	-	17 200	2 147	-
Yugoslavia	5 000	5 000	5 000	5 000	-	10 000
Zaire	43 000	1 000	1 000	-	-	43 000
Total	663 642 b/	1 269 407	573 213	1 211 804	(22 737)	1 317 195

g/ Subject to parliamentary approval.

b/ Represents total unpaid pledges of \$1,318,697 as at 31 December 1985 less \$65,055 future years' pledges unpaid at that date.

STATEMENT IV

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH - CAPITAL ASSETS FUND

Statement of assets and fund balance as at 31 December 1986

(United States dollars)

	1986	1985
<u>Assets</u>		
Capital assets		
Leasehold and building	465 000	465 000
Total capital assets	<u>465 000</u>	<u>465 000</u>
<u>Fund balance</u>		
Donated funds as at 1 January	465 000	465 000
Total fund balance	<u>465 000</u>	<u>465 000</u>

Note: The \$465,000 shown for the leasehold and building represents the amount paid for the leasehold, located at 805 First Avenue, United Nations Plaza, New York, at the time of its assignment to the United Nations. Of this, \$450,000 was donated to the United Nations by a foundation for use by the United Nations Institute for Training and Research. The leasehold will expire in the year 2035.

STATEMENT V

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH -
SPECIAL PURPOSE GRANTS FUNDI. Statement of income and expenditure for the year ended
31 December 1986

(United States dollars)

	1986	1985
<u>Income</u>		
Grants (schedule 5.1)	1 853 300	1 901 973
Interest income	73 692	67 116
Savings in liquidation of prior year's obligations	220 703	57 292
Exchange gain	71 009	29 260
Miscellaneous income	45 530	21 977
Total income	<u>2 264 234</u>	<u>2 077 618</u>
<u>Expenditure</u>		
Staff and other personnel costs	705 490	829 963
Staff travel	215 307	90 024
Outside expertise	640 117	369 813
Panels and conferences	1 786	2 971
Travel of participants	335 918	437 574
Documentation and publications	108 456	30 128
Communications	46 051	31 612
Premises	52 068	43 150
Miscellaneous expenses	181 831	55 596
Subtotal	<u>2 287 024</u>	<u>1 890 831</u>
Programme support costs	<u>128 166</u> a/	<u>100 799</u>
Total expenditure	<u>2 415 190</u>	<u>1 991 630</u>
<u>Excess of income over expenditure</u>	<u>(150 956)</u>	<u>85 988</u>

a/ Programme support income from special-purpose grants of \$128,166, plus \$18,105 included in accounts payable in 1985, for a total of \$146,271, is recorded under income for the General Fund.

STATEMENT V (concluded)

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH -
SPECIAL PURPOSE GRANTS FUNDII. Statement of assets and liabilities as at 31 December 1986

(United States dollars)

	1986	1985
<u>Assets</u>		
Cash	1 254 032	931 259
Cash (non-convertible currencies)	624 000	530 721
Accounts receivable	281 877	502 927
Due from United Nations General Fund	-	67 542
Deferred charges	81 645	83 814
Total assets	<u>2 241 554</u>	<u>2 116 263</u>
<u>Liabilities</u>		
Accounts payable	7 918	9 251
Unliquidated obligations	690 236	500 807
Due to United Nations General Fund	88 151	-
Total liabilities	<u>786 305</u>	<u>510 058</u>
<u>Fund balance</u>		
Balance available as at 1 January 1986	1 606 205	1 520 217
<u>Add: Excess of income over expenditure</u>	<u>(150 956)</u>	<u>85 988</u>
Balance available as at 31 December 1986	<u>1 455 249</u>	<u>1 606 205</u>
Total liabilities and fund balance	<u>2 241 554</u>	<u>2 116 263</u>

SCHEDULE 5.1

UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH -
SPECIAL PURPOSE GRANTS FUNDStatement of income and expenditure and fund balance for the year ended 31 December 1986

(United States dollars)

Projects	Fund balance 1 January 1986	Income from grants	Other income and adjust- ments a/	Funds available	Expenditure			Fund balance 31 December 1986
					Disbursements	Unliquidated obligations	Total	
A. Convertible currencies								
Regional and Interregional Co-operation in the 1980s	29 725	-	1 523	31 248	10 922	2 688	13 610	17 638
Strategies for the Future of Asia - Netherlands	9 259	-	3 875	13 134	-	-	-	13 134
Strategy for the Future of Africa - SARAC, Sweden	(2 517)	164 311	2 574	164 368	224 800	-	224 809	(60 441)
Establishment of Centre for Simultaneous Interpretation - Libyan Arab Jamahiriya	3 362	-	256	3 618	-	-	-	3 618
Establishment of a Diplomatic Institute in Saudi Arabia - Saudi Arabia	102 570	50 000	13 976	165 646	71 785	13 298	85 083	80 563
The Evolution of the Liability of States for Damages Caused through Scientific and Technological Innovations - Volkswagen Foundation	3 263	-	5 268	8 531	121	-	121	8 410
Assistance to the Diplomatic Institute at Tripoli - Libyan Arab Jamahiriya	37 819	-	5 049	42 868	1 286	-	1 286	41 582
Fast-growing Tree Species for Fuelwood Products in Asia - United Nations Trust Fund for Research in Regional Co-operation in Asia and in New and Renewable Energy Resources	23 325	-	1 774	25 099	-	-	-	25 099
United Nations Covenant on Economic, Social and Cultural Rights - Ford Foundation	(14 543)	14 543	15 889	15 889	6 075	-	6 075	9 814
UNITAR/UNEP Information Centre for Heavy Crude and Tar Sands	-	208 464	-	208 464	209 881	4 724	214 605	(6 141)
Second Conference on Heavy Crudes and Tar Sands - Venezuela	(60 690)	-	-	(60 690)	-	-	-	(60 690)
Conference on Shallow Oil and Gas - various donors	(280)	280	-	-	-	-	-	-

SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1986	Income from grants	Other income and adjust- ments a/	Funds available	Expenditure			Fund balance 31 December 1986
					Disbursements	Unliquidated obligations	Total	
Junior Professional Officer - Federal Republic of Germany	28 348	(28 348) b/	-	-	-	-	-	-
Centre on Small Energy Resources - Italy	396 445	368 082	37 336	801 863	240 632	515 352	755 984	45 879
Swiss-UNITAR Seminar - Botswana	24 642	(25 511) b/	869	-	-	-	-	-
Swiss-UNITAR Seminar - Rwanda	5 299	(5 486) b/	187	-	-	-	-	-
Training Programme for Gabonese Foreign Service	324	-	-	324	300	-	300	24
Regional Symposium in English and French on the Modernization of Public Administration in Africa - Canada	57 998	-	6 419	64 417	36 713	19 910	56 623	7 794
Diplomatic Training Programme for Government Officials of the Minister of Foreign Affairs - Guinea-Bissau	654	-	3 131	3 785	-	-	-	3 785
Seminar on President Truman and the United Nation	2 212	-	128	2 340	1 000	1 000	2 000	340
Training Programme in Basic Diplomacy - United Nations Nationalhood Programme for Namibia	3 940	(3 940) b/	-	-	-	-	-	-
Training Publication Project - World Bank	7 517	-	471	7 988	5 062	-	5 063	2 925
World Social Prospects Association	72 839	126 600	5 402	204 841	174 678	11 614	186 292	18 549
Training Programme on Reporting under Human Rights Conventions - Ford Foundation	77 460	-	591	78 051	102 476	25 122	127 598	(49 547)
Strategies for the Future of Latin America - Spain	24 147	5 000	521	29 668	60 171	23 029	83 200	(53 532)
Training Seminar for Latin American Diplomats on Marine Pollution through Radioactive Waste - Spain	3 048	-	232	3 280	-	-	-	3 280
Joint UNITAR/Institut international d'administration publique (IIAP) Training Course for Junior Diplomats of French- speaking African Countries - UNDP	750	24 800	2 469	28 019	27 673	1 095	28 768	(749)
Junior Professional Officer - Federal Republic of Germany	34 768	40 000	897	75 665	37 737	4 966	42 703	32 962
Latin American Population Information Network - Italy	18 841	-	2 636	21 477	-	-	-	21 477

SCHEDULE 5.1 (continued)

Projects	Fund balance 1 January 1986	Income from grants	Other income and adjust- ments a/	Funds available	Expenditure			Fund balance 31 December 1986
					Disbursements	Unliquidated obligations	Total	
Junior Professional Officer at Geneva - Federal Republic of Germany	5 214	78 349	2 968	86 531	43 453	-	43 453	43 078
Diplomacy Training Course for Senior Officials from Esambia	(6 067)	3 940	12 082	9 955	1 200	-	1 200	6 755
Pilot Seminars on Foreign Policy Analysis and Planning for Senior Advisers of African Governments - Switzerland	131 644	-	7 190	138 834	125 228	-	125 228	13 606
New Realities for Economic Policies in Africa: Public vs Private Sector	2 179	-	844	3 023	2 253	-	2 253	770
Training of Trainers Workshop on Communication and Presentation Technique - UNITAR/UNDP	-	4 181	-	4 181	4 239	-	4 239	(58)
Training Programme on Geographical Information System Technology in the Field of Environment - Switzerland	-	256 210	40 467	296 677	127 044	47 199	174 243	122 434
Training Programme for the Managers of the Foreign Debt in the Least Developed Countries - Switzerland	-	59 474	9 394	68 868	19 451	1 521	20 972	47 896
Conference on the United Nations and the Maintenance of International Peace and Security - Canada	-	15 750	676	16 426	8 389	4 130	12 519	3 907
Training in Development Aid Planning, Co-ordination and Administration: Preparatory Assistance to SCAPO - UNDP	-	-	-	-	15 689	2 000	17 689	(17 689)
Economic and Social History of the United Nations - Japan	-	80 000	1 310	81 310	15 886	-	15 886	65 424
Seminar on Planning and Management Development - Switzerland	-	237 568	4 554	242 122	10 349	-	10 349	231 773
Role of Economic Integration in the Development of Latin American countries - Union of Soviet Socialist Republics	-	12 000	241	12 241	4	-	4	12 237
Diplomacy Training - UNDP/Suriname	-	23 500	-	23 500	20 139	12 588	32 727	(9 227)
Special Account for Completed Projects	1 147	-	(1 147)	-	-	-	-	-
Total, convertible currencies	1 024 642	1 709 767	189 152	2 923 561	1 604 646	690 236	2 294 882	628 679

SCHEDULE 5.1 (concluded)

Projects	Fund balance 1 January 1986	Income from grants	Other income and adjust- ments ^{a/}	Funds available	Expenditure			Fund balance 31 December 1986
					Disbursements	Unliquidated obligations	Total	
B. Non-convertible currencies								
Fund for Training and Research								
China	13 115	-	(1 699)	11 416	-	-	-	11 416
Hungary	17 560	4 644	1 247	23 451	-	-	-	23 451
Union of Soviet Socialist Republics	544 218	138 889	222 644	905 751	120 069	-	120 069	785 682
Fund for Scholarships								
Romania	6 670	-	(410)	6 260	239	-	239	6 021
Total, non-convertible currencies	581 563	143 533	221 782	946 878	120 308	-	120 308	826 570
Total, convertible and non-convertible currencies	1 606 205	1 853 300	410 934	3 870 439	1 724 954	690 236	2 415 190	1 455 249

a/ Comprises interest income, savings in liquidation of prior year's obligations, net exchange gain and miscellaneous income.

b/ Transferred to other special-purpose grants.

ANNEX

Notes to the financial statements

Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, the accounts of the United Nations Institute for Training and Research are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller, and in conformity with generally accepted government accounting principles. The United Nations follows International Accounting Standard 1 on the disclosure of accounting policies as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

- (i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
- (ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;
- (iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;
- (iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;
- (v) Financial statements should show corresponding figures for the preceding period;
- (vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or group of funds of the same nature.

(d) The financial period of the Institute consists of one calendar year.

(e) The income and expenditure and assets and liabilities are recognized on the accrual basis of accounting.

(f) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(g) Pledged contributions. Pledges are recorded as income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specified time or times. Pledges received for future years are recorded as deferred income.

(h) Investments. Funds on deposit in interest-bearing bank accounts and call accounts are shown in the statements of assets and liabilities as cash.

(i) Deferred charges:

(i) Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and will be charged as expenditure in the subsequent financial period;

(ii) For balance-sheet statement purposes, only that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(j) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(k) Capital assets. The assets shown in the statement of assets and liabilities of the Institute's Capital Assets Fund include the cost of a leasehold agreement. No amortization of the leasehold is provided for. Maintenance and repairs of the UNITAR building are charged against the appropriate budgetary accounts.

(l) The expenditures do not include possible costs to cover contingencies under appendix D to the United Nations staff rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred, whether liquidated or unliquidated.

(m) Miscellaneous income:

- (i) The net income realized from revenue-producing activities is reported as miscellaneous income;
- (ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;
- (iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;
- (iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is debited to the budgetary account. If there is a net gain, it is credited to miscellaneous income;
- (v) The proceeds from the sale of surplus property are credited to miscellaneous income of the respective funds.

(n) The trust fund statements reflect the "clean surplus theory", as adjustments are processed through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(o) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff members.

(p) The obligations incurred for the Special Purpose Grants Fund are accounted for on a project basis; therefore, commitments are recorded for the life of each project.

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