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Advisory Committee on Administrative
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FINANCIAL RULES FOR THE VOLUNTARY FUNDS
OF THE HIGH COMMISSIONER FOR REFUGEES

Note by the Secretary-General

1. By resolution 832 (IX) the General Assembly authorized the High Commissioner for Refugees to undertake a programme designed to achieve permanent solutions of certain refugee problems within the period of his current mandate (i.e. before 31 December 1958); requested the Negotiating Committee to negotiate with Governments to obtain voluntary contributions for this purpose; and also authorized the High Commissioner himself to appeal for funds. The Assembly further requested the Economic and Social Council "either to establish an Executive Committee responsible for giving directives to the High Commissioner in carrying out his programme and for exercising the necessary controls in the use of funds allotted to the Office of the High Commissioner or to revise the terms of reference and composition of the Advisory Committee in order to enable it to carry out the same duties".

2. On 31 March 1955 the Council, having considered proposals submitted to it by the High Commissioner on the advice of his Advisory Committee, decided (see resolution 565 (XIX)) to reconstitute the Advisory Committee as an Executive Committee, to be known as the United Nations Refugee Fund (UNREF) Executive Committee, with terms of reference as given in that resolution.

3. The actions referred to above do not affect article 22 of the Statute of the Office of the High Commissioner for Refugees under which

"Transactions relating to the High Commissioner's funds shall be subject to audit by the United Nations Board of Auditors ... Arrangements for the custody of such funds and their allocation shall be agreed between the High Commissioner and the Secretary-General in accordance with the Financial Regulations of the United Nations and rules promulgated thereunder by the Secretary-General."

In accordance with this article, the Secretary-General and the High Commissioner agreed, before the Council had acted, upon the terms of financial rules to govern the operation of the new Fund, which will absorb the old Refugee Emergency Fund. The Secretary-General stated that he proposed to invite comments from the Advisory Committee on Administrative and Budgetary Questions and might possibly wish to propose revisions of the rules in the light thereof.

4. The High Commissioner on his side presented the proposed Rules to his Executive Committee, which is "responsible for ... exercising the necessary controls in the use of the funds ...". The Executive Committee has adopted a number of changes to the text originally agreed between the Secretary-General and the High Commissioner, but all these amendments are acceptable to the Secretary-General. One further amendment seems, however, to be necessary because paragraph B.4 of the Council's resolution is not consistent with the terms of rule 12.3 of the Financial Rules which the Executive Committee has accepted without amendment.

5. The discrepancy is in a procedural matter only. The text of rule 12.3 requires the audit report on the voluntary fund to be submitted to the Executive Committee, which is to forward it with comments to the General Assembly; whereas the Council has requested the High Commissioner to submit the report to the General Assembly through the Secretary-General.

6. It is clear that in view of its responsibilities the Executive Committee will need to examine the audit report, and the Secretary-General has therefore proposed to the High Commissioner that rule 12.3 should be amended to read:

"The Report of the Board of Auditors together with the certified accounts and comments if any of the Executive Committee shall be submitted by the High Commissioner to the General Assembly through the Secretary-General."

The High Commissioner has accepted this text, and will submit it to the next meeting of the Executive Committee.

7. The text of the Financial Rules as acceptable to the High Commissioner, the Executive Committee and the Secretary-General, subject to the above comment on rule 12.3, is given in the annex to this paper.

8. It will be noted that, since the new Executive Committee will control the operation of the Fund, the rules do not provide for the submission of a plan of expenditure to the Advisory Committee. The audited accounts will however be submitted to the General Assembly and hence will be subject to review by the Advisory Committee.

9. The High Commissioner at one point proposed one amendment to which the Secretary-General did not feel able to agree pending further discussion with the Advisory Committee and the Investments Committee. This was that rule 6.1, which provides that "the High Commissioner may make short-term investments of Refugee Fund monies provided that he follows generally the investment policy adopted by the Secretary-General ..." should be amended to read: "The High Commissioner may make investments of moneys in first class Government securities provided that they are realizable at short notice ...". The High Commissioner explained that various Governments issued long-dated bonds in Switzerland at par, bearing $3 \frac{3}{4}$ or 4 per cent interest, which invariably gained one to three points after some months, when the public was able to buy them from the banks which took the major part of the issue; and that the United Nations, because of its status, would be able to obtain a small allocation of these bonds on issue. Under rule 6.1 as at present drafted, the purchase of such securities is clearly precluded.

10. The Secretary-General would be glad to have the comments of the Advisory Committee on this particular point and on the rules generally.

ANNEX

FINANCIAL RULES FOR VOLUNTARY FUNDS

Article I - Applicability

- 1.1 These rules are established in accordance with the terms of article 22 of the Statute of the Office of the United Nations High Commissioner for Refugees ^{1/} and of General Assembly resolution 832 (IX) to govern the administration of all the United Nations Refugee funds to be administered by the High Commissioner, other than funds provided from the regular budget of the United Nations.
- 1.2 The rules shall not apply to the subsequent administration of monies or supplies allocated from such funds by the High Commissioner under agreements with Governments, governmental agencies, local authorities or other agencies, provided that those agreements contain appropriate provisions to ensure, in the opinion of the High Commissioner, that these monies or supplies will be so utilized as to provide the maximum benefit for the purposes of the fund, and subject to the provision of article 12 regarding audit.

Article II - The Financial Year

- 2.1 The financial year shall be the period from 1 January to 31 December.

Article III - Contributions

- 3.1 The High Commissioner may accept contributions offered in cash, kind or services, including contributions from sources other than Governments, which can be utilized for the purposes of General Assembly resolution 832 (IX) or for the purpose of carrying out other functions laid upon him by the Statute of his office. He may reject any offers which are not appropriate or which cannot be utilized for the above purposes. The High Commissioner shall report to the Executive Committee any offers of funds accepted or rejected.
- 3.2 The value of all contributions accepted for carrying out the purposes of General Assembly resolution 832 (IX) shall be credited to a Fund known as the United Nations Refugee Fund.

^{1/} Resolution 428 (V) of the General Assembly.

- 3.3 Contributions which are not to be credited to the United Nations Refugee Fund shall be treated as trust funds and utilized for other purposes as may be specified by the donor.
- 3.4 Only those officers specifically designated in writing by the High Commissioner may accept contributions.
- 3.5 An official receipt shall be issued in respect of all contributions received. Contributions in kind or in services will be taken to account at their value to the Fund as estimated by the High Commissioner.

Article IV - Miscellaneous Income

- 4.1 Monies received as a result of the sale or other disposition of supplies, equipment or other assets shall be credited as miscellaneous income of the fund to which the assets belonged.

Article V - Custody of Funds

- 5.1 The High Commissioner shall designate the bank or banks in which the funds shall be kept and shall open any necessary bank accounts therein.
- 5.2 All cash received will be deposited in an official bank account not later than the next business day following date of receipt.
- 5.3 Payments in excess of \$25 (US) or its equivalent in other currency will be made by cheque unless the High Commissioner otherwise authorizes.
- 5.4 Cheques will be signed by two officers from a panel or panels of signatories designated by the High Commissioner; provides that the High Commissioner may, in extraordinary circumstances, authorize signature of cheques by one officer only.

Article VI - Investment of Funds

- 6.1 The High Commissioner may make short-term investments of Refugee Fund monies provided he follows generally the investment policy adopted by the Secretary-General of the United Nations. The income received from investments shall be credited to the United Nations Refugee Fund.

Article VII - The Plan of Operations

A. The United Nations Refugee Fund

- 1 The High Commissioner shall prepare for the period to 31 December 1955 a plan of operations, including recommended priorities for implementing projects for the approval of the Executive Committee. The plan shall be related to the approved target for the period and shall show by country the High Commissioner's proposals for projects (including their costs) broken down under the following headings:
 - (i) Permanent solutions
 - (ii) Settlement of difficult cases
 - (iii) Shanghai operation
 - (iv) Emergency aid
 - (v) Administrative expenses.
- 2 For 1956 and each subsequent year, the High Commissioner shall submit to the Executive Committee a plan of operations, as specified in article 7.1, extending the existing plan on the basis of the target for the year to which it relates and showing the extent to which the existing plan will have been carried out at the time the revised plan comes into force.
- 3 The High Commissioner may submit to the Executive Committee, at such times as he may deem necessary, supplementary or revised proposals to the plan of operations.

B. Other Funds

- 4 The High Commissioner shall report, in accordance with rules 11.2, 11.6 and 11.7, on any trust funds which may be created from contributions accepted under the terms of rule 3.3.

Article VIII - Administration of Plan of Operations

- 1 Subject to the approval of the current plan of operations by the Executive Committee, the High Commissioner may incur obligations for the purposes of the plan to the extent that monies are available in the Fund; provided that no project is undertaken unless sufficient monies are reserved in the Fund to enable the completion of a project of one year or less in its entirety and, in the case of multi-year projects, the completion of a full year of the project.

- 8.2 The Executive Committee shall establish priorities among the various activities laid down in the plan of operations, taking into consideration the recommendations made by the High Commissioner.

Article IX - Internal Control

- 9.1 The High Commissioner shall establish internal controls which shall ensure:
- (a) the regularity of the receipt, custody and disposal of all the assets of the Refugee Fund and other funds at his disposal;
 - (b) the conformity of obligations and expenditures with the plan of operations for the Refugee Fund or, as appropriate, with the purposes and conditions of any special funds under rule 3.3 above.
- 9.2 Mutatis mutandis, the Financial Rules of the United Nations shall apply to expenditures from the various funds.

Article X - Expenditures on Projects

- 10.1 The carrying out of approved projects for relief or for permanent solutions will normally be entrusted to governmental or voluntary agencies, the High Commissioner making available to such agencies funds for the execution of the approved projects in accordance with agreements to be made by him with the selected agencies.
- 10.2 These agreements shall specify the amount of the funds to be made available to the agency by the High Commissioner; the currency in which it will be paid; and shall define the project for which it is to be used. The agreements shall also contain appropriate provisions to ensure that funds or supplies made available by the High Commissioner will be utilized as economically as possible and that they are used only for the purposes specified in the agreement.
- 10.3 The agreements shall provide (a) that expenditure made under them by the agency concerned shall be audited on behalf of the High Commissioner; and (b) that the High Commissioner may arrange for such inspections as he deems necessary to ensure their proper implementation.

- 10.4 The agreements will provide that the High Commissioner will not accept liability for compensation for death, disability or other hazards which may be suffered by employees of the selected agencies as a result of their employment on work financed by the High Commissioner from his funds.

Article XI - The Accounts

- 11.1 The accounts for the United Nations Refugee Fund for the years 1955-1958 inclusive shall be cumulative, and shall show:
- (a) the total amounts authorized in the plan of operations for the Fund (as modified by any amendments) to the end of the financial period concerned;
 - (b) all income of the Fund, and the sources from which it was derived; contributions in kind or in services shall be shown as a separate item and shall be listed quantitatively showing the value to the Fund as estimated by the High Commissioner;
 - (c) the amounts obligated and expended against the Fund;
 - (d) the assets and liabilities of the Fund;
 - (e) contributions pledged but not yet received.
- 11.2 The accounts for all special trust funds created from contributions accepted under rule 3.3 shall be in such a form as to show clearly the financial position.
- 11.3 The accounts of the funds shall be maintained in United States dollars, provided that the accounts of local operations may be maintained in the local currency of the country concerned.
- 11.4 Contributions in cash, kind and services will be credited as income when received.
- 11.5 The expenditure accounts shall be maintained in the case of the Refugee Fund under the same general classifications as the plan of operations and, in the case of other funds, in such classifications as are necessary in the light of the purposes of the fund concerned.
- 11.6 Financial statements, as up to date as possible, covering the operations of all voluntary funds shall be submitted by the High Commissioner to the Executive Committee, at each session, and at such other times as the Executive Committee may request.

- 11.7 The High Commissioner shall submit to the United Nations Board of Auditors within three months of the close of each financial year accounts for each fund certified by him.

Article XII - Audit

- 12.1 Expenditures incurred or inventories held by governmental or other agencies from grants made by the High Commissioner shall be audited by or on behalf of the High Commissioner; provided that the High Commissioner may, where he deems it sufficient, accept audit certificates of such expenditure from the official auditors of the Government or agency concerned.
- 12.2 The accounts of the various funds shall be audited by the United Nations Board of Auditors. The Board may accept, with respect to expenditures incurred or inventories held by governmental or other agencies, audit certificates from qualified persons or firms designated by the High Commissioner under article 12.1 above.
- 12.3 The Report of the Board of Auditors, together with the certified accounts, shall be submitted to the Executive Committee who shall submit them with its comments to the General Assembly.
- 12.4 The audit or audits by the Board of Auditors shall be carried out at times to be agreed between the Board and the High Commissioner.
- 12.5 The cost of audit shall be charged to the Fund.

Article XIII - Effective Date

- 13.1 These rules shall supersede all previous rules relating to the High Commissioner's voluntary funds. They shall be regarded as having entered into force on 1 January 1955 when the assets and liabilities of the United Nations Refugee Emergency Fund were transferred to the United Nations Refugee Fund.