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FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS,
AND REPORTS OF THE BOARD OF AUDITORS

Administrative system of the International Trade Centre

Report of the Secretary-General

1. In paragraph 16 of its resolution 46/183 of 20 December 1991, the General Assembly endorsed the recommendations made by the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions with regard to the administrative system of the International Trade Centre (ITC), and requested the Secretary-General and the Executive Director of the Centre to reach agreement on suitable administrative arrangements regarding the applicability of United Nations administrative instructions to ITC.

2. It will be recalled that, subsequent to confirmation in 1968 that the International Trade Centre was a joint operation of the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD), the subject of administrative arrangements at the Centre was considered by the General Assembly in 1973 and 1974. The consideration of this item by the Assembly was based on a note by the Secretary-General (A/C.5/1533), setting out the administrative arrangements resulting from a review undertaken by the executive heads of GATT and UNCTAD, in the autumn of 1972, in the light of a rapid expansion of the Centre's activities. The Advisory Committee on Administrative and Budgetary Questions provided comments on the above report of the Secretary-General and the Fifth Committee, at its 1617th meeting, on 4 December 1973, decided to recommend that the Assembly take note of the administrative arrangements in question.

3. In 1974 the then Administrative Management Service was requested to work with the two parent organizations (GATT and UNCTAD) and the Centre to review the existing administrative arrangements with a view to increasing the administrative autonomy of the Centre. The results of this review were set

out in a note by the Secretary-General (A/C.5/1604). At its 2325th plenary meeting, on 18 December 1974, the General Assembly took note of the report by the Secretary-General on administrative arrangements for ITC. 1/ The arrangements agreed upon by GATT, UNCTAD and the Centre confirmed, inter alia, that the Staff Regulations and Rules of the United Nations would apply uniformly to the staff of ITC. Moreover, since the accounts of the Centre were to be maintained and certified by the Controller (A/C.5/1533, annex, para. 13 (iv)), it was clear that the Centre would operate under the Financial Regulations and Rules of the United Nations.

4. Subsequent to the actions taken by the General Assembly, as noted above, and following various delegations of authority to ITC between 1974 and 1983 concerning specific financial matters, a comprehensive list of the financial rules delegated to the Executive Director of the Centre was promulgated in an administrative instruction of the United Nations in 1984.

5. More recently, in its interim report on the Centre for the first year of the biennium 1990-1991, 2/ the Board of Auditors reiterated its earlier observation that some of the administrative practices at ITC deviated from United Nations administrative instructions. The Board concluded that this deviation constituted a weakness in the Centre's internal control system and that there was an urgent need to identify which administrative instructions of the United Nations were pertinent to ITC operations.

6. In the light of the above report by the Board of Auditors, and in accordance with the provisions of paragraph 16 of General Assembly resolution 46/183, as outlined in paragraph 1 above, a joint review was held in the autumn of 1991 by officials of ITC and of the United Nations Secretariat. The understanding on financial issues resulting from this joint review was communicated to the Executive Director of ITC on behalf of the Secretary-General in late 1991. A corresponding revision to the administrative instruction on the delegation of authority in financial matters was issued in February 1992. Also in early 1992, a revised delegation of authority on matters related to personnel administration was conveyed to the Centre.

7. Based on the clear understanding that both the Staff Regulations and Rules and the Financial Regulations and Rules of the United Nations are applicable to ITC, the Secretary-General is of the view that the results of the review undertaken in late 1991 constitute a reasonable and viable framework for the administrative system of ITC. The Secretary-General believes, therefore, that the General Assembly's concern with regard to the administration of the Centre, as expressed in its resolution 46/183, has been met.

8. In its present report to the General Assembly 3/, the Board of Auditors indicates that the decision of the United Nations Secretariat did not receive the approval of the Centre and GATT and, consequently, certain issues are still being discussed by the United Nations and GATT. The Board further expressed the expectation that the outstanding issues would be solved without

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further delay. In the opinion of the Secretary-General, since it was understood that the Staff Regulations and Rules and the Financial Regulations and Rules of the United Nations would apply to the Centre, the only issue to be considered in the review requested by the Assembly was the degree of authority delegated by the Secretary-General to the Executive Director of the Centre. In the light of the comments of the Board of Auditors on the position of GATT, the Assembly may wish to provide guidance on this matter.

Notes

- 1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 31 (A/9631), agenda item 73.
- 2/ Ibid., Forty-sixth Session, Supplement No. 5 (A/46/5).
- 3/ Ibid., Forty-seventh Session, Supplement No. 5 (A/47/5), vol. II, sect. II, annex, para. 2.
