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FORTY-SEVENTH SESSION  
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FIFTH COMMITTEE  
10th meeting  
held on  
Thursday, 22 October 1992  
at 10 a.m.  
New York

SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. DINU (Romania)  
later: Ms. ROTHEISER (Austria)  
(Vice-Chairman)

Chairmen of the Advisory Committee on Administrative and  
Budgetary Questions: Mr. MSELLE

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\* Items considered together.

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The meeting was called to order at 10.25 a.m.

AGENDA ITEM 106: CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS (continued)  
(A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 107: FINANCIAL EMERGENCY OF THE UNITED NATIONS (continued)  
(A/46/600 and Add.1-3, A/46/765; A/C.5/47/13)

AGENDA ITEM 124: ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACE-KEEPING OPERATIONS (continued) (A/C.5/47/22)

1. Mr. THORNBURGH (Under-Secretary-General for Administration and Management), before commenting on the discussion of the Organization's financial situation, said that he hoped the Committee would, as in the past, reach a consensus on the matter.

2. Like some of the earlier speakers in the debate, he too wondered whether it was appropriate to refer to a financial "emergency" when the situation had lasted so long that it had become permanent. While he was glad that, for the immediate future, the most pessimistic forecasts would not be realized and the situation at year-end would be less dramatic than might be feared, it was a fact that the Organization was living in what he would call a semi-permanent climate of uncertainty, precariousness and anxiety, and that it hampered its smooth operation.

3. Was the situation in regard to assessed contributions growing worse or better? He noted that, at the end of September 1992, before the United States contribution has been paid, more Member States were up to date in their payments than in the two previous years at the same date. He also noted that there had been a net improvement in payments to the budgets of peace-keeping operations. Overall, therefore, there had been progress, and he wished to pay a special tribute to those countries which paid their assessments in January of each year. Lastly, he hoped that those States which had special difficulties in doing so would continue to do their best to pay their share of the Organization's costs.

4. Despite some improvement, there were still problems. For example, it was not possible to go on borrowing indefinitely from the accounts of certain peace-keeping operations (including UNTAG and UNIIMOG) because, once their reserves were exhausted, it would be impossible to reimburse the countries which had provided troops for them.

5. Some delegations had suggested that contributions should be paid in instalments. That was a good idea, provided payments were made on the due date. In fact, whatever the rule was, the important thing was that it should be respected - that payments should be made on time was even more important than their total amount, at least from the point of view of cash management.

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(Mr. Thornburgh)

6. Regarding the absence of reserves and recourse to the Working Capital Fund, he referred to the financial regulations and relevant General Assembly resolutions and expressed regret at the de facto situation: whereas advances taken from the Working Capital Fund should preferably be used solely to make up temporary cash shortfalls, the Administration was often obliged to resort to them when there was no immediate prospect of money coming in.

7. Taking a longer-term view, he recalled the measures proposed by the Secretary-General in his report to the General Assembly at its forty-sixth session (A/46/600) and the debate to which those proposals had given rise. He also recalled that the Secretary-General would be presenting to the General Assembly the conclusions of the high-level expert group he had set up to take a fresh, independent look at the question. All proposals and all initiatives, from whatever quarter would be welcome, and the Administration, for its part, would make every effort to see to it that the Committee was in position to analyse possible methods of financing and evaluate suggestions in as fruitful a manner as possible.

8. The Acting Controller would give full replies to any technical questions or questions on points of detail raised by the members of the Committee in the course of the debate and the informal consultations.

AGENDA ITEM 102: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/47/5 and Corr.1, vols. I, II and III, and Add.1-3, Add.4 and Corr.1, Add.5-Add.7 and Add.8 and Corr.1, A/47/315, A/47/460, A/47/500 and A/47/510)

9. Mr. KINCHEN (United Kingdom), speaking on behalf of the European Community and its member States, said that that he was glad that a summary had been circulated of the principal findings and conclusions for remedial action contained in the reports of the Board of Auditors (A/47/315). The tremendous volume and late appearance of the reports in question and the importance of the subject, added to the serious concern aroused by an apparently general and continuing disregard for established rules and procedures. The Board should, of course, continue to be fully responsible for deciding the format and content of its reports, but a tool that was easier to use would make it possible to implement the necessary corrective measures more promptly. The matter was made more serious by the fact that some of the problems identified were of long-standing and it was not acceptable that the same criticisms should repeatedly recur.

10. The dedication of United Nations staff was not in question. The comments of the United Kingdom and the other members of the European Community related to management issues which were to some extent the responsibility of the General Assembly and other governing bodies as well as of the secretariats concerned.

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(Mr. Kinchen, United Kingdom)

11. Without attempting to comment on each individual case, the European Community broadly supported those recommendations of the Board of Auditors on which the Advisory Committee had either not commented or with which it had concurred. It emphasized again the importance of establishing a timetable for remedial action, as indicated in various General Assembly resolutions - in the absence of which experience showed that nothing was done.

12. That was particularly true of financial control and accountability for United Nations property. Shortage of staff was not a valid excuse and the audited organizations ought to be able, within a year, to work out a system for effective identification and control of their non-expendable property. In the current situation, property management was such that abuse was clearly possible even if it was not clear that abuse was occurring. In the case of the United Nations in particular, steps must also be taken to see that it paid only for those office supplies which it actually received: the Administration should report on the contract in question in the context of the discussion of the proposed programme budget for the biennium 1994-1995.

13. The problems relating to budgetary control were likewise familiar, and the European Community was concerned at the evident lack of progress in that area. While the excess of expenditure over the final appropriations was within the limit set by the General Assembly in resolution 46/184, it was unusual that the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had not been requested. The Community looked forward to hearing the Secretariat's explanation. The Community was also concerned about the regularity with which expenditures exceeded allotments, a phenomenon which the Administration attributed to inflation in excess of the level anticipated and mandatory staff cost increases. Under the budget procedure established by resolution 41/213, those two factors could justify proposals for increased appropriations, but the Board of Auditors should have had the opportunity to verify the explanation provided, and had not been asked to do so. A practical solution should be devised which would take into account the comments of both the Board and the Secretariat. With regard to advances from the United Nations to UNITAR, he said that the issue would need to be considered separately in the light of action to be taken by the Second Committee on the future of the Institute.

14. The problem of control of expenditure was not restricted to the United Nations. He would like to know the timetable for the implementation of the UNICEF Global Field Support System, where similar problems had been identified. Considering that the effectiveness of operational activities could best be judged at the project level, and that such activities should not be subject to procedural constraints, the European Community fully subscribed to the Board's reiteration of the need to develop a more efficient and effective appraisal and approval process.

15. The Board's commentary on consultants, experts and temporary assistance made depressing reading. There were two possibilities: either the existing

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(Mr. Kinchen, United Kingdom)

provisions were inappropriate, in which case, instead of ignoring them, the administrations should initiate a review (something which had not been done, except to some extent in UNDP); or the existing provisions were adequate, and the Advisory Committee was right in holding that exceptions should be few in number and must be fully explained and justified.

16. In the specific case of UNDP, where the Governing Council had authorized a pilot project relating to new contractual arrangements for short-term service (A/47/500, paras. 82-85), the European Community joined with the Advisory Committee in stressing the importance of consultation with ICSC, and would like to ask the UNDP Administration to provide the Fifth Committee with full information on the scheme which was under development.

17. Separately the Board had commented on the inadequacy of arrangements for evaluating the performance of experts and consultants. He would like to know what arrangements the Secretariat proposed to introduce in order to ensure that no payment was made in future in the absence of evidence that work had been done, and that it represented fair value for money. That was a case where an early deadline should be set for remedial action.

18. On the related issues of personnel management, payroll and staff costs, many of the same deficiencies were again apparent, and the results could be costly. The Community noted, for example, the lack of any convincing explanation by the UNDP Administration with regard to the case of staff members on special leave with full pay, when none of the provisions for making such arrangements applied to the cases in question. On the matter of control in the case of payment of allowances and benefits to staff, the Community welcomed the progress made in UNICEF, and urged a similar effort by the United Nations.

19. The Board's findings with regard to procurement confirmed that the situation had become untenable. The Community supported the Advisory Committee's recommendation for a special audit.

20. The Community was concerned about the inability of the Board to issue an unqualified audit opinion on the accounts of UNDP and UNFPA. All parties concerned should provide the necessary documentation in a timely manner. With regard to the qualification of the audit opinion on the United Nations accounts, which related to unpaid assessed contributions, he pointed out that responsibility in that case lay with the Member States and not to the Secretariat.

21. The European Community agreed with the Board on the need for effective arrangements for internal audit and for prudent policy with regard to cash management, with greater attention being paid to the need to increase interest income. It also welcomed the Auditors' comments on the organizational structure of the administrations and on their programme management. It trusted that in the United Nations, those comments would be taken fully into

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(Mr. Kinchen, United Kingdom)

account in the current restructuring exercise and duly reflected in the proposed programme budget for 1994-1995. It would caution against any temptation to regard the Integrated Management Information System as a panacea.

22. The review of the reports of the Board of Auditors was a core element in the exercise of financial responsibility by Member States. Where deficiencies were brought to light, it was the responsibility of Governments as well as of the Secretariat to take effective action to correct them.

23. Mr. SIAKALENGE (Zambia) said he had taken note of the conclusions and recommendations made by the Board of Auditors and of some improvements which had been made in some areas since the last General Assembly. His delegation was concerned about the deficiencies reported by the Board in some of the United Nations agencies. It supported the proposal by the Board calling for a clear demarcation of functions between the Board and the management in the field of finance.

24. His delegation called upon the Secretariat to indicate which recommendations had not yet been implemented, along with explanations for non-compliance; the timetable for recommended corrective action; what measures had actually been taken and those which were planned so as to ensure improved and standardized procurement procedures in the United Nations system; and, finally, what measures had been taken to streamline recruitment of Professional staff and consultants.

25. His delegation called upon all United Nations agencies to comply strictly with the established procedures and to ensure improved financial accountability. They should either take the corrective measures that had been recommended or, if the recommendations did not meet their particular circumstances, they should inform the General Assembly and propose alternative solutions. It was unfortunate that despite the serious nature of some of the shortcomings identified by the Board of Auditors, little or no action had been suggested by some agencies. Nevertheless, his delegation believed that the concern shown by Member States about the use of funds would create better conditions for improved financial management in the United Nations system.

26. Mr. ORR (Canada) endorsed most of the Board's recommendations and called on management to address them swiftly. He was especially concerned at the lack of accounting standards and the failure to adhere to internal control and good management practices.

27. His delegation considered that the financial statements did not fulfil their objective and that, despite their length, much information was not reflected in them. To begin with, organizations did not present summary financial statements. Secondly, accounting treatment differed from organization to organization, with the result that their financial statements were not comparable. Thirdly, the exchange rates used were not those applicable at the balance sheet date, with the result that the figures were

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(Mr. Orr, Canada)

distorted. Fourthly, unliquidated obligations could be manipulated so as to indicate that appropriations had been used in full or so as to conceal budget overruns. Fifthly, many real liabilities relating to staff termination benefits did not appear in the financial statements. Yet they amounted to a significant portion of the annual budget of the system's organizations, and would have to be paid in the future.

28. His delegation had argued strongly in favour of the decision contained in document A/46/793, which recommended the appointment of a consultant to propose a set of accounting standards. It regretted that that decision had not been implemented by management, but that instead the Consultative Committee on Administrative Questions (CCAQ) had simply formed a working party, whose report was scarcely encouraging. His delegation requested CCAQ, in cooperation with the Panel of External Auditors, to adopt meaningful accounting standards and to implement them for the financial period ending 31 December 1993. Those standards must make it possible to compare the financial statements of the various entities, which must clearly disclose all assets and liabilities.

29. His delegation was also very concerned at the instances of inefficiency and wastage noted by the Board in all the organizations. The unauthorized advances to the United Nations Institute for Training and Research (UNITAR) and the payment of allowances to Government employees by the United Nations Children's Fund (UNICEF) were particularly serious abuses.

30. A regime ensuring respect for the principle of accountability within the United Nations system was required. The proposal by the Under-Secretary-General for Administration and Management to create a post of Inspector General was commendable, but did not constitute a solution. The primary responsibility for ensuring that assets were safeguarded, that transactions were in accordance with the regulations, and that resources were used efficiently and economically lay with management, and specifically with the Office of the Under-Secretary-General. Management must enforce its own rules with regard to internal control. The creation of a post of Inspector General would serve no purpose if management continued not to heed the recommendations made.

31. The internal audit function was one of the main procedures whereby respect for the principle of accountability could be guaranteed. It should make it possible to prevent fraud, rather than merely detecting it. His delegation called on all United Nations organizations immediately to strengthen the independence of their internal audit services, to provide them with appropriate staff resources, and to ensure that those to whom internal audit reports were addressed would be held accountable for implementing their recommendations. All United Nations organizations should follow the example of the United Nations Development Programme (UNDP), which had developed a plan of action, including deadlines, for implementation of the Board's recommendations.

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32. Ms. ERIKSSON FOGH (Sweden), speaking on behalf of the five Nordic countries, said that the Nordic delegations attached great importance to the work of the Board of Auditors and generally endorsed their observations and recommendations.

33. The Nordic delegations stressed the usefulness of the horizontal evaluation of the internal audit function undertaken by the Board. It seemed that qualified staff resources were insufficient in several organizations, particularly at United Nations Headquarters, for various reasons: not all vacant posts had been encumbered, budgetary resources were limited, staff lacked sufficient experience, etc.

34. The activities of the Internal Audit Division of the United Nations also revealed shortcomings at other levels, such as independence, scope of responsibilities, audit planning, performance of audit work and follow-up of audit findings. Furthermore, management seemed unresponsive to the results of internal audits.

35. Under Financial Regulation 10.1 and Rule 110.41, the Internal Audit Division was to conduct audits that encompassed not only administrative and financial aspects, but also execution of programmes - which was currently far from the case. Administration had explained that if the Division's predicaments with regard to professional resources were addressed, it should be possible to provide adequate internal audit coverage in a span of five years (A/47/5, para. 295). The Nordic delegations wished to receive more information about the Division's human resources, and to know how many posts had been vacant on average over the past three years, why they had not been encumbered, and what the prospects were for the future.

36. The Board had also noted that internal audit coverage was insufficient in other organizations: UNICEF, the United Nations Fund for Population Activities (UNFPA), UNDP and the Office of the United Nations High Commissioner for Refugees (UNHCR). It had drawn attention to inadequacies in several fields: planning, implementation of plans, organization and follow-up. The independence of the auditors was not always fully guaranteed.

37. The Nordic delegations were concerned about those deficiencies and considered that an intergovernmental initiative to strengthen the audit function in the United Nations was called for. As a first step, an external consultant would study ways and means of achieving that aim and would produce a report which would be examined in 1993. In that context, an attempt should also be made to anticipate the most common problems, rather than merely carrying out ex post facto assessment. Inter alia, the oversight functions of the intergovernmental bodies, starting with the General Assembly, should be strengthened. The Nordic project concerning the United Nations system proposed the creation of an "International Development Council" to provide guidance to the organs responsible for the operational activities of the United Nations and ensure the cohesion of their activities. Each programme or fund should also be provided with an executive body responsible for monitoring

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(Ms. Friksson Fogh, Sweden)

performance as well as for deciding on programmes and budgets. It must also be stressed that an important role was played in that respect by the Advisory Committee on Administrative and Budgetary Questions (ACABQ), which already examined the budgets of the voluntarily funded programmes and funds.

38. The Nordic countries welcomed the fact that in its resolutions over the last two years the General Assembly had encouraged the Board of Auditors to extend the scope of its audit. They considered that the United Nations should adopt the auditing standards that were in the process of being adopted by the International Organization of Supreme Audit Institutions (INTOSAI), which distinguished between two types of audit, one dealing with the regularity of operations, the other with performance. The Nordic delegations proposed that reference should be made to the INTOSAI standards in the resolution on that item to be adopted by the General Assembly at its current session. No change in substance was intended; the reference would simply make the scope of the audit clearer to informed readers of the resolution.

39. The delegations of the Nordic countries wished to mention two issues noted during the "horizontal" study concerning expendable and non-expendable property. First, the control of property, in particular non-expendable items, was inadequate in most organizations, despite the fact that the General Assembly had repeatedly stressed the importance of stringent controls. Second, compliance with the financial rule requiring that all purchases involving more than a certain amount should be subjected to competitive bidding was more the exception than the rule both at Headquarters and in the field. The Nordic countries strongly urged the organizations concerned to take immediate corrective action for the implementation of the existing rules and regulations.

40. The Nordic countries, which were major contributors to UNDP, supported the Board's recommendations concerning project management in UNDP, in particular the appraisal and approval process (A/47/5/Add.1, para. 197) and the effective use of evaluations (ibid., para. 202).

41. Mr. FERNANDEZ (Philippines) said that his delegation was quite satisfied with the presentation of the findings and recommendations of the Board of Auditors concerning peace-keeping operations. However, it noted with concern that the United Nations and many of its agencies continued to be afflicted by the same problems: fiscal mismanagement, waste, disregard for rules and cases of fraud.

42. The Board of Auditors had noted serious deficiencies in the internal audit services: poor planning, inadequate utilization of staff resources, late reporting, conflicting functions, absence of follow-up, and so on. His delegation agreed with the Board that those problems were due to the inability of the organizations to install a cadre of competent internal auditors. It therefore strongly recommended an immediate review of the staffing structures of the internal audit services and the hiring of qualified auditors.

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(Mr. Fernandez, Philippines)

43. According to the auditors' reports, it seemed that there was considerable wastage in the area of salaries and benefits. Individuals had been engaged on the basis of verbal agreements and their contracts subsequently given fictitious dates. Employees had been granted special leave with full pay without a valid reason. The Board had likewise pointed out that it was difficult to ascertain the exact number of vacancies and occupied posts and whether payments of salaries and other staff costs were within the authorized levels of expenditures. Continued deficiencies had also been noted in the hiring of consultants and the granting of education grants and dependency allowances. The Administration had been unable to take adequate measures to prevent fraud. Thus, like those of other Member States, his delegation strongly urged more drastic measures.

44. The audit reports also revealed serious problems in procurement and property management. Recourse to a bidding procedure had become the exception, whereas it ought to be the rule. Despite numerous observations by the Board, the Administration seemed to have done nothing to remedy the problem. The Board had been unable to ascertain whether goods and services paid for had actually been supplied and, if so, whether they were according to specifications. It was also surprising that the new definition of non-expendable property adopted by the Secretariat excluded 99 per cent of all such property. With such a system, it became virtually impossible to safeguard valuable property. Considering the amounts involved, the Philippines strongly supported the recommendation of AC.50 regarding the conduct of a special audit on procurement and property management.

45. The Board of Auditors had also cited deficiencies in the management of trust funds: lack of a common definition of confirmed pledges, improper accounting for contributions in kind, failure to close inactive funds, acceptance of pledges in violation of financial regulations, and so on. Those problems needed to be resolved.

46. Despite the financial crisis, the United Nations had not formulated a satisfactory investment policy: excess cash balances were simply deposited in non-interest-bearing bank accounts. If that and so many other problems persisted, it was either because the corrective measures instituted previously were insufficient or because there was a lack of determination on the part of the Administration to rectify the situation. Whatever the reasons, his delegation believed that at the current stage more drastic measures must be instituted.

47. Ms. Rotheiser (Austria), Vice-Chairman, took the Chair.

48. Mr. GOUDIMA (Ukraine) said that his delegation was deeply concerned over the numerous violations of the financial rules noted in the various United Nations organizations. Some, for example, were unable to conduct regular inventory counts. That showed that the administrations responsible did not attach sufficient importance to inventory counts as a means of controlling

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(Mr. Goudims, Ukraine)

resource utilization. His delegation shared the Board's view that strict measures should be taken to ensure adequate control of non-expendable property, in UNDP in particular.

49. Internal auditing was an extremely important operation. Activities undertaken in that area should be sufficient in scope; that presupposed adequate financial resources.

50. His delegation was surprised that there were so many instances of over-expenditures. In its opinion, all violations should be examined carefully and those responsible for them should be punished. Some violations showed a certain casual attitude on the part of the administrations with regard to earlier recommendations. His delegation therefore called upon the Secretary-General and the departmental heads to undertake a detailed analysis of all the cases noted, so that they could take effective action. In that respect, the officials concerned must personally assume administrative and, indeed, financial responsibility for any negligence which might have resulted in a loss to the Organization. His delegation believed that the Member States - in particular those represented in the governing bodies - could play an important role in monitoring the implementation of the auditors' recommendations.

51. Measures to improve the management of United Nations activities must focus on the following main areas: payment of salaries and benefits, violations relating to the reimbursement of income tax, and compliance with the provisions governing outstanding obligations. The same violations were repeated from year to year; only the people responsible for them changed. From that one could infer that deficiencies existed either in the system for the management of funds or in the control of that management. In that regard, his delegation considered the proposals made by Canada, the United Kingdom and Sweden to be of interest, in particular, the proposal by Sweden concerning the new auditing standards that were in the process of being elaborated.

52. Mr. KABIR (Bangladesh) said that Bangladesh attached great importance to implementation of the recommendations of the Board of Auditors. It regretted that many of those recommendations had not yet been implemented by United Nations organizations. He urged them to take the necessary action to remedy that situation.

53. The growth in peace-keeping operations and special missions had led the Board of Auditors to extend its coverage to those activities. His delegation welcomed that development. It also appreciated the continuation of the dialogue between the Board and the Administrations concerned and the increased cooperation with the internal audit services. Similarly, "horizontal" audits had proved to be valuable. They had highlighted a number of weaknesses which were common to many United Nations organizations and which accordingly required action on a system-wide basis. His delegation considered that the time had come to devote greater attention to monitoring, and it expressed the

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(Mr. Kabir, Bangladesh)

hope that monitoring would be facilitated by the introduction of the Integrated Management Information System.

54. With regard to internal auditing, the Board had drawn attention to deficiencies in both New York and Geneva, particularly with regard to personnel, planning and follow-up of recommendations. The mandate of the internal auditors should be revised to provide a solid legal basis for their activities. In addition, audit personnel should not be assigned operational responsibilities in order to avoid possible conflicts of interest. At the same time, adequate budgetary control measures should be enforced in order to minimize over-expenditure.

55. With regard to non-expendable property, the Board had identified several problems, including that of the inability of a number of organizations to conduct regular inventories. It had reported that the basic information needed for efficient property management and economic use of resources was lacking. In the case of loss or damage, responsibilities were not clearly defined. Those factors created unacceptable situations. Accordingly, he expressed the hope that the Board's recommendations in that regard would be implemented on an urgent basis. Steps should also be taken in field offices to identify and dispose of surplus or obsolete equipment.

56. As in previous years, the Auditors had given a qualified audit opinion in the case of UNDP and UNFPA. His delegation was aware of the efforts made by both organizations to ensure that executing agencies observed the timetable for the submission of audit statements. In order to ensure the cooperation of the executing agencies, which was essential, his delegation was suggesting that a definite timetable should be incorporated into the standard basic executing agency agreement. It also concurred with the Board's recommendation that the agreement should stipulate external auditing. In connection with the audit reports of nationally executed programmes, his delegation reaffirmed that it favoured simplification of audit procedures. It was concerned that administrative and programme-support costs tended to increase disproportionately in relation to programme costs. It also shared the Board's view that the procedures of the Project Appraisal Committees at UNDP headquarters should be streamlined and that greater financial authority should be delegated to the field offices. The project approval process should also be improved. His delegation considered that the development support services were an appropriate channel for the recruitment of consultants from among the nationals of the countries concerned. In the field offices of UNICEF, the prompt release of cash advances had contributed significantly to project implementation. He hoped that nothing would be done that might have an adverse impact on implementation.

57. His delegation had carefully considered the Secretary-General's report on measures to facilitate reporting by staff members of inappropriate use of the resources of the Organization (A/47/510). It was aware of the problems to which that might give rise. However, there was considerable room for stricter

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(Mr. Kabir, Bangladesh)

application of the Financial Rules and the Staff Rules, to which the implementation of the Integrated Management Information System and enhanced internal control should contribute. In cases of fraud and presumptive fraud, a mere declaration of the importance of fiduciary responsibility was not enough. Cases should be dealt with promptly and firmly in order to achieve a deterrent effect.

58. Mr. OSELLA (Argentina), speaking on behalf of his own country, Bolivia, Brazil, Chile, Colombia, Costa Rica, El Salvador, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Uruguay and Venezuela, stressed the independent nature of the work of the Board of Auditors. He supported the recommendations of the Board, and invited the Committee to institute the requisite procedures to ensure that they were implemented.

59. The structural deficiencies identified in financial planning and management, and the repeated infringements of the rules concerning staff recruitment and purchases of equipment that had been mentioned by the Board indicated that much remained to be done to ensure proper coordination of resource-management strategies. That was a task to which the Secretariat, ACABQ and the internal and external auditors should address themselves, within their respective spheres of competence. The proposal by the Under-Secretary-General for Administration and Management regarding the establishment of a post of inspector general should be considered in that context, taking due account of the monitoring activities of such bodies as the Joint Inspection Unit.

60. The cases of misuse of funds noted by the auditors were exceptional. They should not tarnish the reputation of the thousands of staff members who fulfilled their functions conscientiously. Nor should Member States use such cases as an excuse for not meeting their financial obligations. The countries on whose behalf he was speaking were ready to cooperate in establishing a system for the prevention and punishment of such practices which should be more efficacious than the system currently in force.

61. The gaps noted in the internal audit and the control of non-expendable property were often attributed to a lack of staff. In that connection, the Board had pointed out that the delay in filling vacancies in top management in the International Trade Centre had considerably impeded the functioning of that body. It was clear that in such cases staff cuts were no guarantee of efficiency.

62. Another important element was the lack of clarity in the definition of the functions of the Field Operations Division, which was accordingly finding it difficult to fulfil the role assigned to it in peace-keeping operations. In general, it was essential to monitor closely the implementation of the recommendations of the Board of Auditors by the organizations concerned. Only the United Nations University was beyond reproach in that regard.

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(Mr. Osella, Argentina)

63. It was a matter for concern that purchases of equipment and services were only rarely open to tender, when that should be the rule. He also stressed that United Nations organizations did not make sufficient use of experts from the developing countries, a practice which would help to promote the objectives of development activities.

64. Mr. MURTAZA (Pakistan) said that the internal audit services of various organs should be utilized appropriately and be able to operate independently. The internal audit had been further impeded in some agencies because vacancies for auditors had remained unfilled. His delegation was pleased to note, however, that cooperation had continued between the Board and some internal audit services. By contrast, it regretted the lack of response to earlier recommendations of the Board and the fact that most of the shortcomings identified had not been addressed.

65. His delegation considered the method of "horizontal" audit to be timely since it drew attention to certain weaknesses common to all the organizations. Two such problems were extremely important, namely property control and trust fund management. With regard to non-expendable property, which was inadequately controlled, especially in field offices, his delegation supported the Board's recommendation on the need for stringent inventory monitoring and timely action in accordance with the financial and administrative regulations.

66. Another matter of concern reported by the Board was the undue delay in filling vacancies, especially in the International Trade Centre and UNICEF. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had rightly observed that such delays had weakened the organizations concerned. Organs engaged in social development activities should make every effort to hire local consultants.

67. His delegation hoped that the executive heads and governing bodies of the various organs and agencies would take due note of the recommendations made by the Board of Auditors. It underlined the need for strict budgetary control, timely submission of programme budgets, strengthened internal audit mechanisms and improved accounting procedures. It also favoured the inclusion in the synthesis prepared by the Board of a review of the action taken by the various agencies in response to the comments made by the Board and ACABQ.

68. Mr. JU Kuilin (China) noted that the Board of Auditors had repeatedly drawn attention in its reports to excesses of expenditure over income in some agencies. That kind of practice was detrimental to the operation of the agencies concerned and contravened the relevant resolutions and financial regulations. The agencies concerned were compelled to borrow from other sources, which affected operational arrangements for the following financial period. His delegation therefore hoped that the respective administrations would take the necessary corrective measures.

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(Mr. Ju Kuilin, China)

69. With regard to financial records, the Board of Auditors had noted shortcomings in the records of expenditure and income. As a result, financial reports failed to give a true picture of the real situation. His delegation believed that operational activities could not be properly implemented without sound financial management. The executive authorities should pay greater attention to that matter.

70. The Board of Auditors had noted that some agencies paid little attention to the management of expendable property, citing staff shortages as an excuse. That made regular inventory counts impossible. His delegation concurred with the Board's suggestion that financial control and accountability for all property should be instituted as soon as possible. In that connection, it expressed concern over the management of property assigned to peace-keeping operations. With the expansion of those operations, expenses and stocks of equipment had increased rapidly. As the Board had observed, a sound management system for property stocks had yet to be established because of lack of cooperation among field offices. His delegation hoped that appropriate measures would be taken to solve that problem.

71. Inadequate financial management and monitoring had led to breaches of the financial and administrative rules. The Centre for Human Rights had repeatedly recruited individuals on the basis of verbal agreements, disregarding budgetary constraints. The Centre was not justified in breaking the rules laid down by the United Nations. At Headquarters, it had been found that there were considerable and at times intentional delays in the mandatory review of permanent appointments and the conversion of fixed-term appointments. The Board of Auditors had also mentioned a number of other irregularities in personnel management in other agencies. They should be corrected promptly.

AGENDA ITEM 110: PATTERN OF CONFERENCES (continued) (A/47/7/Add.1, A/47/32, 287 and 336; A/C.5/47/1)

72. Mr. DUHALT (Mexico) said that his delegation, which had been participating actively in the work of the Committee on Conferences for three years, endorsed all the conclusions and recommendations made by the Committee in its report. Aware as it was of the controversy among Member States over the mandate and functioning of the Committee, it supported the efforts to make it more effective. It stressed, however, that any initiative along those lines should be based on General Assembly resolution 43/222 B, which gave the Committee competence in the areas of the evaluation, planning and coordination of conference services. The Committee should, for instance, take a more active part in the introduction of a system guaranteeing the coordinated planning of the calendars of meetings of the various organs and optimum utilization of conference services. The Committee, the officers of the organs concerned and the Secretariat should undertake an in-depth study of the conference services actually required by each organ, taking into account its

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(Mr. Duhalt, Mexico)

mandate, composition and working methods, the aim being to establish rules and procedures that were consistent with the aforementioned goals and ensured the smooth functioning of the organs concerned.

73. In order to be able to consider the issues on its agenda in greater depth, the Committee had adopted a biennial work programme. Unfortunately, delegations still did not participate very actively in its work. His delegation hoped that the members of the Committee would be more active in the future.

74. Although it should be more vigorous in its efforts to streamline the Organization's calendar of meetings, the Committee on Conferences should on no account set itself up as a judge as to the political role or relevance of other intergovernmental organs. The usefulness of the work of the various organs must be systematically evaluated, but that must be done within the context of the General Assembly, taking into account the interests and needs of all Member States as the universal character of the Organization required. It would be dangerous to distort the Committee's mandate and to have it pass judgement on the functioning of other organs solely from the standpoint of resource management.

75. The Committee on Conferences had recommended the installation of a signalling system to encourage speakers not to exceed their allotted time. His delegation was in favour of that proposal.

76. With regard to documentation, the situation was discouraging. Documents for legislative bodies were almost always issued late. Once it had an availability index for documentation, the Committee on Conferences would be in a better position to make recommendations for the final resolution of the problem.

77. His delegation noted that the 32-page limit set for the reports of subsidiary organs was still not being respected, and that summary records had been prepared on an experimental basis for certain organs for more than 10 years. Mexico hoped that during its following session, the Committee on Conferences would make an in-depth study of the standards in force and would recommend corrective measures.

78. Since with regard to documentation the problems were essentially due to the imbalance between the growing number of requests from Member States and the means at the disposal of the Secretariat to meet those requests, action was required on two points. First, the productivity of the Office of Conference Services must be improved, and technological innovation could be of assistance there. Second, Member States themselves must rationalize their requests for documentation.

79. In accordance with guidelines laid down by the General Assembly at its forty-sixth session, a study had been done of the operation of the Office of

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(Mr. Duhalt, Mexico)

Conference Services whose conclusions, presented in a report of the Secretary-General, must be supplemented by those in paragraph 100 of the report of the Committee on Conferences. Where the other studies done by outside consultants were concerned, his delegation hoped that their results would be incorporated into those of the review requested by the Assembly, so that Member States could at a suitable time be advised of the pertinent recommendations of the Secretary-General in accordance with resolution 46/190.

80. Mr. BARI MANI (Islamic Republic of Iran) said that the functioning of the Committee on Conferences, whose functions had been redefined and membership altered by General Assembly resolution 43/222 B, could be further refined. That Committee's intense effort to ensure optimum use of conference services had borne fruit, since the average utilization rate had reached 78 per cent in 1991. However, meetings statistics provided by the Committee on Conferences indicated that there was a considerable difference between the stated and actual needs of the various bodies. To avoid such wastage, each organ, and particularly those that had not yet reached the 75 per cent threshold, should be urged to make the best use of the resources allocated to them. In that respect, his delegation endorsed the recommendation of the Committee on Conferences contained in paragraph 24 of its report.

81. There was scant compliance with the 32-page limit on reports by subsidiary organs of the General Assembly: from 1981 to 1991 only 23 bodies had submitted reports within that limit. The rest must intensify their efforts while both maintaining quality and adhering to the guidelines of legislative bodies.

82. The six-week rule for issuance of pre-session documentation was not strictly observed, either, nor had the Secretariat provided proper solutions to that problem. His delegation therefore sought clarification in that regard. Timely availability of documentation was very important: the General Assembly should envisage concrete measures to rectify the situation.

83. Many more copies of documents were generally sent to each mission than were needed. Such a procedure was wasteful and should be reviewed as soon as possible.

84. In so far as the 1993 calendar of conferences was concerned, his delegation had no objection in general, but believed that increased attention should be given to regional commissions and specialized agencies. Accordingly, there was a need to reduce the number of annual conferences and to decentralize many of the activities now carried on at the New York, Geneva and Vienna headquarters. More resources should be allocated to regional offices, whose conference-servicing facilities should be improved. Such a change would benefit numerous Members, especially the developing countries.

85. In its resolution 46/190, the General Assembly had requested, for its forty-seventh session, a review of the organizational structure, technological

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(Mr. Barimani, Islamic Republic of Iran)

innovations, and working methods of the Office of Conference Services. In view of the probable value of the report to be prepared by the task force, his delegation would like the Secretariat to provide copies of it to members of the Fifth Committee.

86. With regard to the installation of a signalling system to alert speakers who exceeded appropriate time-limits, his delegation believed that such systems could be useful, but emphasized that they must be economical.

87. Mr. MURTAZA (Pakistan) said that the role of the Committee on Conferences remained very helpful in streamlining conference-servicing requirements as well as in the timely scheduling of international conferences. The enhanced role of the United Nations had placed new demands on conference services, but the ambitious programme for the restructuring of those services continued to be consumed by the non-availability of adequate resources. In any case, there was a need for greater interaction between the Committee on Conferences and the various organs of the United Nations.

88. Some had suggested doing away with certain semi-dormant activities. However, a decision of that nature could be made only on the basis of broader consultations and in the light of the long-term utility of such activities, not their apparent inefficiency based on political considerations at a given moment. The work of the Committee on Conferences should be seen in the strict context of its mandate, and it should not be expected to deal with issues that fell within the province of other United Nations organs. The desire for economy, while otherwise laudable, should not be allowed to compromise the performance of those organs. Changes affecting the holding, duration and venue of conferences should be the result of a broad-based consultation process.

89. His delegation endorsed the recommendation of the Committee on Conferences that the General Assembly should renew its appeal to Member States to exercise restraint in their requests for the circulation of communications as documents of the United Nations. Similarly, delegations should be urged to show self-discipline by respecting the agreed speech time-limit. His delegation looked forward to the Secretariat's report on its review of the criteria, status and guidelines that had been the basis for prior General Assembly recommendations on the provision of written meeting records to its subsidiary organs.

90. Mr. INOMATA (Japan) said that his delegation basically agreed with the recommendations of the Committee on Conferences concerning the calendar of conferences and meetings, particularly those in paragraph 10 of that Committee's report (A/47/32). It thought that the Advisory Committee and the governing bodies of the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF) should adjust their schedules in order to give the Advisory Committee enough time to examine the proposed programme budgets of those bodies. As the Under-Secretary-General for Administration

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(Mr. Inomata, Japan)

and Management had suggested, it might be worthwhile considering a moratorium on future world-wide conferences, because an in-depth analysis of past practices in that area should precede the planning of such high-cost events. The General Assembly might even refrain from proclaiming new "decades" unless absolutely necessary.

91. With regard to improving the utilization of conference-servicing resources, the prerequisites for progress in that area remained proper preparation for meetings by bureaux and punctual issuance of documents. For that reason, it was necessary to achieve strict compliance with the six-week rule for the issuance of pre-session documentation. His delegation therefore endorsed the recommendation in paragraph 25 of the Committee's report, to which it would add that, in evaluating availability, no document issued even immediately after the deadline should be regarded as being on time. It also strongly supported the recommendations in paragraphs 26 and 27 of the report, since, in order to establish a cost-effective meetings schedule, it would be most helpful to have a historical perspective of the utilization of conference-servicing resources and a notional cost-per-hour of meeting time.

92. With respect to the effective use of conference resources, his delegation supported the recommendations in paragraph 35 of the report of the Committee on Conferences. In that connection, it concurred with the representative of the United Kingdom, who, in her statement on behalf of the European Community, had strongly urged the Secretariat to include in its sectoral analyses areas in which requirements had decreased, as it had neglected to do in its report to the Committee on Conferences at its substantive session in August. Since inter-agency exchanges of conference resources helped to optimize their use at the system level, his delegation noted with appreciation that the Secretariat was negotiating with the United Nations Industrial Development Organization (UNIDO) to establish a unified conference service at Vienna. However, it was for Member States to formulate the guidelines for the operation of such a service. Of course, the representatives of the secretariats of the two organizations should take part in the consultations in their ex officio capacity.

93. With respect to the control and limitation of documentation, his delegation thought it necessary to reduce the number and length of documents. Subsidiary bodies already complying with the 32-page limit should continue that practice, and those that had not been able to achieve compliance should make every effort to do so. The recommendation in paragraph 59 of the Committee's report was of interest in that regard. Since the training programmes in question related to staff, they should be provided or supervised by the Office of Human Resources Management. His delegation also endorsed the recommendations in paragraphs 66 and 77 of the report of the Committee on Conferences.

94. Like many others, his delegation had been somewhat disappointed by the report on the review of the Office of Conference Services (A/47/336), and for that reason, it believed that the Advisory Committee's recommendations on that

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(Mr. Inomata, Japan)

subject (A/47/7/Add.1) should be implemented. As for the policy on publications, it thought that the Secretariat should make greater efforts to eliminate duplication of materials published inside and outside the United Nations system and should give greater attention to cost-effectiveness. While it agreed in principle with installing a signalling system for use when there were time-limits on speeches, a realistic determination should be made as to whether such equipment was really needed before it was installed. With regard to the scheduled meetings of the Committee on Conferences itself, it strongly supported the recommendation in paragraph 112 of that Committee's report.

95. Applying new technologies to conference services was a valid objective only to the extent that it would improve productivity and efficiency. In her introductory statement, the Assistant Secretary-General for Conference Services had deplored the increase in the workload of the Office of Conference Services. According to the proposed programme budget for the biennium 1992-1993, the appropriation for "Rental and Maintenance of Furniture and Equipment" had increased by about 35 per cent, going from \$2.5 million in 1988-1989 to \$3.1 million in 1990-1991 and \$4.2 million in 1992-1993. Most of those allocations were for technologies such as computers. His delegation believed that the greater productivity and efficiency made possible by such technologies should more than make up for the increased workload and staff reductions.

96. Mr. ABDULGANI (Yemen) said that the increased role that the Secretary-General proposed for the Organization in the area of peace-keeping implied increased activity by the Security Council and other bodies and a consequent increase in the number of meetings and conferences held under United Nations auspices for which meetings services would be required. His delegation was aware of the Organization's critical financial situation, but wished to call attention to the question of the recruitment of freelance translators and interpreters and the increasing reliance on contractual translation, when there was no lack of either vacant posts in the Office of Conference Services or of candidates suitable for recruitment on the basis of equitable geographical representation. In any event, it was surprising that the overprogramming of meetings led to the recruitment of more freelance interpreters. His delegation would like to know the number of freelance translators and interpreters recruited for the six official languages and the financial implications of that practice.

97. Member States had the sovereign right to request documentation and to submit reports to the Organization; the Committee's recommendation that the General Assembly should request them to exercise restraint in that area (A/47/32, para. 58 (b)) therefore seemed unreasonable. According to the draft revised calendar of conferences and meetings (A/47/32, annex), some bodies were still not provided with translation services in the six official languages. Purely out of a concern to strengthen the principle of parity among all the official languages, including Arabic, his delegation would like to know if that principle was still respected in the preparation of the

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(Mr. Abdulgani, Yemen)

calendar of conferences and meetings and of summary records of meetings of various bodies, and in the provision of interpretation services.

98. Mr. DANKWA (Ghana) noted that the Committee on Conferences had adopted all its decisions and recommendations by consensus, which should enable the Fifth Committee to dispose of the item quite rapidly. He paid tribute to the dedication of the staff of the Office of Conference Services and urged it to continue its determined efforts to cope with increasing workloads under difficult circumstances. With regard to the calendar of conferences and meetings, the Committee and the Office of Conference Services (OCS) had been able to accommodate all requests for departures therefrom without additional administrative and budgetary implications, but the bodies concerned, particularly those which had requested extensions of meetings, should carefully review their requirements in order to introduce greater stability into the calendar.

99. His delegation was in a position to accept the recommendations of the Committee on Conferences contained in paragraph 9 of its report, and it welcomed the request to the Commission on Narcotic Drugs and ACABQ with regard to their schedules of meetings. The Committee on Conferences should pay particular attention to the concept of overlapping, taking into account not only the constraints on the Secretariat, but also the needs of delegations, particularly those of developing countries, which must be enabled to participate in all conferences and meetings.

100. As far as the utilization of conference services was concerned, his delegation was happy to note that the overall utilization factor for 1991 was 78 per cent, three points above the benchmark figure. The proposed experimental methodology was expected to reflect the utilization rates more accurately, and the meeting ratio and planning accuracy factor should allow subsidiary organs to determine their needs more precisely. The assessment of the availability of pre-session documentation through both a compliance index and an availability index was an improvement on the experimental methodology. His delegation therefore had no objection to the recommendations of the Committee on Conferences in paragraphs 23 and 24 of its report. The initiative taken by OCS with a view to improving the coordinated planning of such services was commendable, but considerations of comparative cost, particularly the possibility of using local resources, including freelance translators and interpreters and other staff, should be taken into account.

101. His delegation appreciated the rationale behind the General Assembly's appeal to Member States to exercise restraint in their requests for the circulation of communications as United Nations documents, and it had taken note of the information provided by the Secretariat on that matter. It would therefore not object to the recommendation contained in paragraph 53 of the Committee's report, but it wished to emphasize that, apart from the sovereign right of Member States to request that their communications should be distributed as official documents, the General Assembly, should not take any

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(Mr. Dankwa, Ghana)

action likely to hinder or disrupt the free flow of information among Member States, even at the collective expense of the Organization. As for compliance with the desirable 32-page limit for the reports of subsidiary organs, the Committee on Conferences had taken the right step in its request to the Secretariat, in cooperation with the United Nations Institute for Training and Research (UNITAR), to incorporate information on the preferred format of reports into briefings and training programmes for new delegates and relevant Secretariat officials. With regard to pre-session documentation, the inability of the Secretariat to comply with the relevant General Assembly resolutions could be explained by the late submission of documents by substantive departments and the priority given to Security Council documents as well as the increasing use of Secretariat staff in field missions, notably peace-keeping operations. In the view of his delegation, priority must be given to full compliance with General Assembly resolution 46/190. The submission of documentation by substantive departments and the field assignment of OCS staff should, accordingly, be reviewed. Otherwise, even spectacular changes in technology would not produce the desired results.

102. His delegation agreed with the conclusion of the Committee on Conferences that the report of the Secretary-General on the Office of Conference Services provided a good description of the problems the latter faced. It hoped that the Fifth Committee would assist OCS in resolving those problems, especially in the context of the programme budget for 1994-1995. The report might contain gaps in relation to the expectations and preconceived ideas of certain delegations, but it must be kept in mind that it was OCS and not the Committee on Conferences which was under review. Therefore, at the current stage, his delegation could only endorse the request of the Committee in paragraph 100 of its report and reiterate that ultimately it was for the relevant subsidiary bodies to determine their meetings-servicing needs. Turning to the report on the installation of an appropriate signalling system when the speakers' time was limited (A/47/287), his delegation, while noting that the report of the Secretary-General demonstrated the feasibility of such a system, was not persuaded of its usefulness. In any event, his delegation was of the opinion that the length of statements in the General Assembly had not become such a problem that an expenditure of that magnitude was warranted.

The meeting rose at 1.30 p.m.