

**UNITED NATIONS
HABITAT AND HUMAN SETTLEMENTS FOUNDATION**

**FINANCIAL REPORT
and
AUDITED FINANCIAL STATEMENTS
for the biennium ended 31 December 1981
and
REPORT OF THE BOARD OF AUDITORS**

GENERAL ASSEMBLY

OFFICIAL RECORDS: THIRTY-SEVENTH SESSION

SUPPLEMENT No. 5H (A/37/5/Add.8)



UNITED NATIONS

New York, 1982

NOTE

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LETTERS OF TRANSMITTAL

31 March 1982

Sir,

Pursuant to financial rule 311.4, I have the honour to transmit the financial report and accounts of the United Nations Habitat and Human Settlements Foundation for the biennium 1980-1981 ended 31 December 1981, 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) Arcot RAMACHANDRAN
Executive Director of the United
Nations United Nations Centre
for Human Settlements (Habitat)

The Chairman of the
Board of Auditors
United Nations
New York

16 June 1982

Sir,

I have the honour to transmit to you the financial statements of the United Nations Habitat and Human Settlements Foundation for the biennium ended 31 December 1981, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition to the above, I have the honour to present the report of the Board with respect to the accounts of the United Nations Habitat and Human Settlements Foundation for the biennium ended 31 December 1981.

Accept, Sir, the assurances of my highest consideration.

(Signed) H. VREBOS
Senior President of the Court of
Accounts of Belgium and Chairman
of the United Nations Board of
Auditors

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

I. FINANCIAL REPORT FOR THE BIENNIUM ENDED 31 DECEMBER 1981

1. On the recommendation of the Governing Council of the United Nations Environment Programme (UNEP), the General Assembly, on 16 December 1974, adopted resolution 3327 (XXIX) establishing the United Nations Habitat and Human Settlements Foundation (UNHHSF) as from 1 January 1975, and assigned the responsibility for administering the Foundation to the Executive Director of UNEP. In document ST/SGB/168, the Secretary-General announced the establishment on 12 October 1978 of the United Nations Centre for Human Settlements (Habitat) (UNCHS) and the transfer of the administration of the Foundation from UNEP to the United Nations Centre for Human Settlements (Habitat).

2. The Executive Director of UNCHS is responsible for administering UNHHSF and accordingly transmits herewith the financial report and accounts of the Foundation for the biennium 1980-1981 ended 31 December 1981.

Summary of significant accounting policies

3. The Foundation followed the accounting policies enumerated below:

(a) The accounts are kept in accordance with the Financial Regulations and Rules of the United Nations and the special annex thereto for the United Nations Habitat and Human Settlements Foundation (ST/SGB/UNHHSF Financial Rules/3 (1978)).

(b) Assets, liabilities, income and expenditures are recorded on an accrual basis.

(c) The financial period of UNHHSF is a biennium consisting of two consecutive calendar years. In accordance with the newly issued directives of the Office of Financial Services, the financial figures of UNHHSF for the biennium are treated as a whole instead of annual figures.

(d) The accounts are presented in United States dollars. Transactions in currencies other than United States dollars are recorded at the United Nations operational rate of exchange prevailing at the time the transaction took place.

(e) 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.

(f) Deferred charges.

(i) Deferred charges comprise expenditure items which are not properly chargeable in the current financial period and which 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 at the date of the financial statement is shown under 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.

Financial position and operating results

4. The financial position and the operating results of UNHHSF for the biennium 1980-1981 ended 31 December 1981 are shown in the attached statements and are summarized as follows:

(a) The excess of income over expenditure (net income) for the biennium 1980-1981 amounted to \$3,682,242 (statement III). In addition, a saving from the liquidation of prior years' unliquidated obligations of \$78,197 was realized as at 31 December 1981.

(b) The Foundation has an unencumbered fund balance of \$6,511,192 available for existing and future commitments (statement IV).

5. The income of \$7,467,529 includes contributions to UNHHSF recorded on the basis of receipt of firm and official letters of pledges.

6. The Secretary-General of the United Nations is the custodian of the UNHHSF funds. During the biennium 1980-1981, government pledges in the total amount of \$6,126,559 were recorded and \$5,843,054 was collected, of which \$340,535 was for prior and \$75,000 against future years. Pledged contributions in the amount of \$674,704 remained unpaid as at 31 December 1981. An amount of \$3,315,980 is pledged for future years.

7. Expenditures for the biennium totalled \$3,785,015, and are detailed by objects of expenditure in statements I and II. Of this amount, \$1,937,204 relates to programme and programme support activities (statement I) and \$1,847,811 to project activities (statement II).

8. The expenditures for programme and programme support activities were incurred against an allocation of \$2,470,400 approved for the purpose by the Commission on Human Settlements at its third session held in Mexico City in 1980. This allocation and the related expenditures are analysed by programme as follows:

<u>Programme</u>	<u>Total expenditures</u>	
	<u>1981</u>	<u>1979</u>
	(United States dollars)	
Executive direction and management	194 726	426 986
Human settlement programmes	1 527 547	860 753
Administrative and common services	214 931	435 580
Total	<u>1 937 204</u>	<u>1 723 319</u>

9. Project expenditures are incurred against allocations of funds approved by the Executive Director and, as indicated in paragraph 7, totalled \$1,847,811 in the biennium.

10. Total expenditure in the biennium is distributed as follows:

	<u>1981</u>	<u>1979</u>
	(United States dollars)	
Programme and programme support costs	1 937 204	1 723 319
Project costs	<u>1 847 811</u>	<u>-</u>
Total	<u><u>3 785 015</u></u>	<u><u>1 723 319</u></u>

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by General Assembly resolution 74 (I), the Board of Auditors has audited the accounts of the United Nations Habitat and Human Settlements Foundation (UNHHSF) for the biennium ended 31 December 1981.
2. The examination was conducted in accordance with article XII of the Financial Regulations 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 headquarters at Nairobi.
3. During the biennium, the Board of Auditors continued its practice of reporting the results of specific audits and issuing management letters containing detailed audit observations to the Administration. This practice has helped us to maintain a continuous dialogue with the Administration and is consistent with the Board's approach of applying systems-based auditing to all the organizations in the United Nations system for which the Board has audit responsibility.
4. The following are the most significant matters arising from our audit examination during the biennium. We have discussed these matters with the Administration whose responses are referred to as appropriate.

Electronic data processing

5. Our review of the electronic data processing system revealed several weaknesses, mostly related to the data processing control system, and we recommended that the Administration should take steps to strengthen the control procedures.
6. The Administration attributed these weaknesses to the understaffing of the Electronic Data Processing Unit, which lacked software programmers, and admitted further that the cross-training of staff was only at an initial stage. Steps would, however, be taken to improve the existing systems and to implement new ones in order to strengthen the data processing control system.

Expendable and non-expendable property

7. Our review of the inventory system disclosed that physical control of both expendable and non-expendable items was kept by the same individual who prepared the receiving and inspection reports. Furthermore, requisitions for supply forms were not numbered or controlled, and many approved requisitions had never been issued from the store. No documentary evidence existed that physical inventories of supplies and equipment were taken in 1980 and issues as well as receipts of expendable items had not been promptly posted into the stock cards. On the other hand, certain issues were added up and posted in total.
8. On our recommendation, the Administration agreed to take steps to improve the inventory system.

Comments on matters dealt with in the report on the
biennium 1978-1979

9. We noted that the Administration had either provided satisfactory explanations or taken appropriate action on the matters raised in the report on the biennium 1978-1979. 1/

Acknowledgement

10. 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) H. VREBOS
Senior President of the Court of
Accounts of Belgium

(Signed) Osman Ghani KHAN
Comptroller and Auditor General
of Bangladesh

(Signed) J. B. H. COLEMAN
Auditor General of Ghana

1/ Official Records of the General Assembly, Thirty-fifth Session,
Supplement No. 5H (A/35/5/Add.8), sect. II.

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to IV, properly identified, and relevant schedules of the United Nations Habitat and Human Settlements Foundation for the biennium 1980-1981 ended 31 December 1981. 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 properly reflect the recorded financial transactions for the biennium, which transactions were in accordance with the Financial Regulations and legislative authority, and present fairly the financial position as at 31 December 1981.

(Signed) H. VREBOS
Senior President of the Court of
Accounts of Belgium

(Signed) Osman Ghani KHAN
Comptroller and Auditor General
of Bangladesh

(Signed) J. B. H. COLEMAN
Auditor General of Ghana

June 1982

IV. ACCOUNTS FOR THE BIENNIUM ENDED 31 DECEMBER 1981

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

STATUS OF ALLOCATIONS FOR THE BIENNIUM 1980-1981 AS AT 31 DECEMBER 1981
PROGRAMME AND PROGRAMME SUPPORT ACTIVITIES

(United States dollars)

<u>Objects of expenditure</u>	<u>Expenditures</u>			<u>Unencumbered balance</u>
	<u>Allocations</u>	<u>Disbursements</u>	<u>Unliquidated obligations</u>	<u>Total</u>
Salaries:				
Established posts	1 381 500	818 585	2 232	820 817
Temporary assistance for meetings	-	3 601	-	3 601
General temporary assistance	4 000	186 651	34 415	221 066
Consultants	20 000	4 446	3 808	8 254
Overtime and night differential	3 000	1 103	-	1 103
Ad hoc expert group	-	-	11 680	11 680
Language training	-	-	-	-
Common staff costs	663 500	402 405	22 850	425 255
Travel on official business	146 300	121 352	23 547	144 899
Contractual services	30 000	45 645	12 126	57 771
General operating expenses	186 100	141 992	28 529	170 521
Supplies and materials	21 000	41 414	8 673	50 087
Acquisition of furniture and equipment	15 000	18 573	3 577	22 150
	<u>2 470 400</u>	<u>1 785 767</u>	<u>151 437</u>	<u>1 937 204</u>
				<u>533 196</u>

CERTIFIED CORRECT

(Signed) A. H. ZAKI
Chief, Division of Administration

Nairobi, 31 March 1982

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

STATUS OF ALLOCATIONS FOR THE BIENNIUM 1980-1981 AS AT 31 DECEMBER 1981

<u>PROJECT ACTIVITIES</u>					
(United States dollars)					
<u>Objects of expenditure</u>	<u>Allocations</u>	<u>Disbursements</u>	<u>Unliquidated obligations</u>	<u>Total</u>	<u>Unencumbered balance</u>
Experts	1 134 011	634 753	141 590	776 343	357 668
Other project personnel	68 448	14 161	21 560	35 721	32 727
Travel	226 120	93 701	19 069	112 770	113 350
Training	401 139	333 980	71 220	405 200	(4 061)
Equipment	243 770	73 795	36 114	109 909	133 861
Subcontracts	702 115	144 588	193 643	338 231	363 884
Miscellaneous	136 177	36 731	32 906	69 637	66 540
	<u>2 911 780</u>	<u>1 331 709</u>	<u>516 102</u>	<u>1 847 811</u>	<u>1 063 969</u>

CERTIFIED CORRECT

(Signed) A. H. ZAKI
Chief, Division of Administration

Nairobi, 31 March 1982

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

STATEMENT OF INCOME AND EXPENDITURE FOR THE BIENNIUM
1980-1981 ENDED 31 DECEMBER 1981

(United States dollars)

<u>Income</u>	<u>1981</u>	<u>1979 a/</u>
Allocation from Fund of UNEP	-	700 000 b/
Contribution from Governments and others	6 126 559	1 799 628
Income from investments	1 220 110	225 553
Refund of prior year's expenditure	119	134
Income from film, television, etc.	14 249	-
Other income	106 492	-
	<u>7 467 529</u>	<u>2 725 315</u>
<u>Expenditure</u>		
Expenditure and unliquidated obligations (Statements I and II)	3 785 015	1 723 319
Gain or loss on exchange (net)	272	2 130
Total expenditure	<u>3 785 287</u>	<u>1 725 449</u>
Excess of income over expenditure	<u>3 682 242</u>	<u>999 866</u>

a/ Comparative figures reclassified to conform to current presentation.

b/ Allocation from Fund of UNEP for 1978 only.

CERTIFIED CORRECT

(Signed) A. H. ZAKI
Chief, Division of Administration

Nairobi, 31 March 1982

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION
STATEMENT OF ASSETS AND LIABILITIES FOR THE BIENNIUM
1980-1981 ENDED 31 DECEMBER 1981
(United States dollars)

<u>Assets</u>	<u>1981</u>	<u>1979 a/</u>
Cash at banks, on hand and in transit	547 837	-
Investments (Schedule 3.1)	5 878 570	2 084 415
Pledged contributions receivable from Governments (Schedule 1.1)	4 065 683	2 032 466
Advanced to supporting organizations	50 226	-
Accounts receivable	22 028	700
Seed capital loans - long-term	183 333	100 000
Interest receivable	413 658	38 603
Due from other trust funds	-	22 284
Deferred charges	32 299	1 127
Due from UNEP	-	330 763
Total assets	<u><u>11 193 634</u></u>	<u><u>4 610 358</u></u>
 <u>Liabilities</u>		
Accounts payable	133 764	-
Unliquidated obligations (Statements I and II)	667 539	136 771
Deferred contributions (Schedule 1.1)	3 390 980	1 722 832
Due to United Nations General Fund	176 542	-
Interfund payable	313 617	-
Total liabilities	<u><u>4 682 442</u></u>	<u><u>1 859 603</u></u>
 <u>Fund balance</u>		
Balance available at 1 January 1980	2 750 753	1 670 695
<u>Add:</u> Excess of income over expenditure (Statement III)	3 682 242	999 866
Savings effected from liquidated prior years' unliquidated obligations	78 197	80 194
Balance available at 31 December 1981	6 511 192	2 750 755
Total liabilities and fund balance	<u><u>11 193 634</u></u>	<u><u>4 610 358</u></u>

a/ Comparative figures reclassified to conform to current presentation.

CERTIFIED CORRECT

(Signed) A. H. ZAKI
Chief, Division of Administration
Nairobi, 31 March 1982

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

STATUS OF UNPAID PLEDGES AS AT 31 DECEMBER 1981
(United States dollars)

Countries	Unpaid pledges as at 1 January 1980	Pledges for 1980-1981 and adjustments	Pledges for future years	Collections and adjustments during 1980-1981	Unpaid pledges for current and prior years as at 1 December 1981	Unpaid pledges for future years as at 1 December 1981
Algeria	-	16 000	8 500	16 000	-	8 500
Bangladesh	-	10 000	10 000	15 000	(5 000) a/	5 000
Barbados	-	2 005	-	2 005	-	-
Belgium	-	238 817	-	4 317	234 500	-
Benin	-	2 000	-	-	2 000	-
Bhutan	1 000	1 013	500	1 001	1 012	500
Bolivia	1 000	-	-	-	1 000	-
Botswana	-	2 736	2 286	-	2 736	2 286
Canada	-	803 887 b/	-	803 887 b/	-	-
Chile	-	6 500	-	6 500	-	-
Colombia	5 000	19 767	12 000	20 000	4 767	12 000
Cyprus	-	842	-	567	275	-
Democratic Yemen	575	575	-	-	1 150	-
Denmark	-	46 451	1 989 800 c/	46 451 c/	-	1 989 800 c/
Egypt	35 714	107 142	-	71 429	71 427	-
Finland	-	150 246	112 360	150 246	-	112 360
France	-	-	79 646	-	-	79 646
Gabon	2 273	-	-	-	2 273	-

Schedule 1.1 (continued)

<u>Countries</u>	<u>Unpaid pledges as at 1 January 1980</u>	<u>Pledges for 1980-1981 and adjustments</u>	<u>Pledges for future years</u>	<u>Collections and adjustments during 1980-1981</u>	<u>Unpaid pledges for current and prior years as at 1 December 1981</u>	<u>Unpaid pledges for future years as at 1 December 1981</u>
Germany, Federal Republic of	-	565 547	-	565 547	-	-
Greece	7 000	14 000	-	21 000	-	-
Haiti	-	500	500	500	-	500
India	-	200 000	100 000	197 232	2 768	100 000
Indonesia	-	20 000	10 000	20 000	-	10 000
Iran	20 000	-	-	-	20 000	-
Iraq	-	20 037	10 169	20 037	-	10 169
Italy	-	253 680	254 237	253 680	-	254 237
Jamaica	-	20 000	-	-	20 000	-
Kenya	-	122 093	32 143	108 628	13 465	32 143
Kuwait	-	30 000	-	-	30 000	-
Lesotho	-	18 000	3 000	-	18 000	3 000
Liberia	-	500	-	500	-	-
Libyan Arab Jamahiriya	-	25 000	-	25 000	-	-
Madagascar	1 420	3 746	-	-	5 166	-
Malawi	-	2 090	1 000	2 090	-	1 000
Mauritius	-	1 000	-	1 000	-	-
Netherlands	2 971	794 142	238 095 d/	616 886	180 227	238 095 d/
Niger	-	1 000	-	1 000	-	-
Nigeria	-	50 471	-	50 471	-	-

Schedule 1.1 (continued)

Countries	Unpaid pledges as at 1 January 1980	Pledges for 1980-1981 and adjustments	Pledges for future years	Collections and adjustments during 1980-1981	Unpaid pledges for current and prior years as at 1 December 1981	Unpaid pledges for future years as at 1 December 1981
Norway	-	19 483	117 647	19 483	-	117 647
Oman	-	-	10 000	-	-	10 000
Pakistan	-	15 069	5 000	15 069	-	5 000
Panama	-	1 000	-	-	1 000	-
Papua New Guinea	6 000	6 000	6 000	12 000	-	6 000
Philippines	250 000	500 000	-	750 000	-	-
Qatar	-	15 000	30 000	15 000	-	30 000
Republic of Korea	-	40 000	20 000	20 000	20 000	20 000
Saudi Arabia	-	50 000	-	50 000	-	-
Senegal	-	2 158	-	-	2 158	-
Somalia	-	1 605	-	1 605	-	-
Sri Lanka	-	2 000	24 000	-	2 000	24 000
Swaziland	-	3 000	1 069	-	3 000	1 069
Sweden	-	724 084	212 389	724 084	-	212 389
Trinidad and Tobago	-	1 000	1 005	1 000	-	1 005
Tunisia	25 246	56 818	24 000	68 284	13 780	24 000
Turkey	-	64 000	-	-	64 000	-
United Arab Emirates	-	1 000 000	-	1 000 000	-	-
United Republic of Cameroon	-	3 555	3 534	3 555	-	3 534
United Republic of Tanzania	-	2 000	2 000	2 000	-	2 000

Schedule 1.1 (concluded)

Countries	Unpaid pledges as at 1 January 1980	Pledges for 1980-1981 and adjustments	Pledges for future years	Collections and adjustments during 1980-1981	Unpaid pledges for current and prior years as at 1 December 1981	Unpaid pledges for future years as at 1 December 1981
Venezuela	-	70 000	70 000	140 000	(70 000) a/	-
Yemen	1 000	-	-	-	1 000	-
Zaire	32 000	-	-	-	32 000	-
	<u>391 199</u>	<u>6 126 559</u>	<u>3 390 980</u>	<u>5 843 054</u>	<u>674 704</u>	<u>3 315 980</u>

a/ Collections in 1980-1981 against 1982 pledged contributions.

b/ Includes transfer of \$600,000 in unused but committed Vision Habitat funds.

c/ The amount of \$1,989,800 from the Government of Denmark, for specific project costs of the Foundation, represents pledges for future years of which \$46,451, from the Danish International Development Authority, was collected in 1981.

d/ Includes additional pledged contributions of \$196,900 from the Government of the Netherlands towards specific project costs of the Foundation.

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION

PROJECT EXPENDITURE BY COUNTRY AND BY REGION FOR THE BIENNIUM
1980-1981 ENDED 31 DECEMBER 1981

(United States dollars)

<u>Country projects</u>	<u>Total expenditure</u>
Algeria	52 873
Bahrain	60 853
Barbados	85 078
Burundi	23
Bhutan	39 079
Colombia	49 219
Cyprus	26 928
Dominican Republic	59 737
Ghana	78 127
Guyana	30 040
Honduras	2 211
Hungary	2 331
India	21 539
Jamaica	25 469
Kenya	73 882
Lesotho	44 372
Mexico	8 664
Nicaragua	45 537
Oman	9 712
Senegal	30 730
Seychelles	32 335
Somalia	17 011
Sudan	3 271
Swaziland	9 389
Syrian Arab Republic	2 234
Uganda	40 892
Upper Volta	31 878
United Republic of Tanzania	68 041
Viet Nam	5 436
Zambia	15 801
Zimbabwe	93 857
Subtotal	1 066 549
<u>Regional projects</u>	
Africa	244 715
Asia	26 762
Latin America	97 232
<u>Other projects</u>	412 553
Subtotal	368 709
Total project expenditure	1 847 811

UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION
 INVESTMENTS ADMINISTERED BY UNITED NATIONS HEADQUARTERS
 AS AT 31 DECEMBER 1981

(United States dollars)

	<u>Amount</u>
J. H. Shroeder through Morgan Guaranty Trust Company	
18 5/8 per cent	1 818 570
3 February 1982	
 Manufacturers Hanover Trust Co.	
17 1/2 per cent	2 000 000
8 January 1982	
 Morgan Guaranty Trust Company	
12 1/2 per cent 24 hours	1 760 000
Call account	
 Mitsubishi Bank	
18.875 per cent time deposit	300 000
10 February 1982	
Total	<u>5 878 570 a/</u>

a/ Income from investments is shown in statement III.