



SUMMARY RECORD OF THE 9th MEETING

Chairman: Mr. BUJ-FLORES (Mexico)

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

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ORGANIZATION OF WORK

The meeting was called to order at 10.35 a.m.

AGENDA ITEM 92: MEDIUM-TERM PLAN FOR THE PERIOD 1980-1983 (continued)

Proposed revisions to the medium-term plan for the period 1980-1983 (A/35/6 and Corr. 1 and Add.1-2)

1. Miss GUIMARÃES (Brazil), referring to the proposed revisions to the medium-term plan for the period 1980-1983 (A/35/6), reiterated the objection entered by her delegation at the second regular session, 1980, of the Economic and Social Council with regard to the inclusion of the two last sentences in paragraph 4.47, concerning subprogramme 3; it considered that the United Nations Secretariat had no legislative authority to make the proposed changes. By the corrigendum issued by the Secretariat after that session of the Council (A/35/6/Corr.1) the final sentence of that paragraph had been deleted, but the text of the end of the paragraph had been revised to read: "Possible areas of tension in the ocean space are therefore monitored taking into account all relevant factors, including those of an economic nature." That wording gave the Secretariat competence far beyond any mandate given by Member States, the General Assembly or the Third United Nations Conference on the Law of the Sea, and therefore did not reflect the legislative authority cited in paragraph 4.48. Should that passage be retained in the text of the medium-term plan, it would remain her delegation's understanding that the Secretariat had not been entrusted with those tasks. She reserved her delegation's right to speak again on item 92 if it considered it necessary.

AGENDA ITEM 96: PATTERN OF CONFERENCES: REPORT OF THE COMMITTEE ON CONFERENCES (A/35/32 and Add.1)

2. Mr. OKEYO (Chairman of the Committee on Conferences), introducing the report of the Committee on Conferences (A/35/32 and Add.1), said that he was pleased that it had been distributed in good time in all languages. The addendum to the report contained the revised calendar of conferences for 1981, which had been distributed only recently in order to enable the latest action by intergovernmental bodies which had implications for the meeting's programme to be incorporated. The Committee on Conferences had succeeded in submitting a concise substantive report early enough to allow Governments maximum time to study the substantive and policy questions.

3. The Committee had likewise felt it appropriate to submit in addenda any further action which had to be considered by the Assembly after the adoption of its initial report. Such a procedure might usefully be extended to all subsidiary organs in view of the sizable number of reports of intergovernmental bodies which were still outstanding, hampering the work of all Main Committees of the General Assembly. Consequently, the Committee was recommending that the General Assembly should affirm 1 September as the mandatory deadline for the completion of the work of subsidiary organs of the General Assembly, including the adoption of reports, with any further activity by subsidiary organs which needed to be reported to the General Assembly being reflected in addenda to the reports

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concerned. Such a procedure would give Governments enough time to study the main thrust and recommendations of subsidiary organs and would facilitate the work of the General Assembly. It would also contribute to the rationalization of the methods of work of the General Assembly and would alleviate the task of the Department of Conference Services, since the submission of such reports would no longer coincide with the increasing flow of documents at the beginning of a General Assembly session.

4. General Assembly resolution 34/50 which contained the agenda for the Committee's activities for 1980, requested the Committee to review the organizational and servicing arrangements of past special conferences and their preparatory meetings with a view to identifying the most effective framework for the organization of such conferences in future. It also requested the Committee to review the extent to which resolutions and recommendations adopted by the General Assembly on the pattern of conferences had been implemented, including the planned and actual duration of sessions of the subsidiary organs and to monitor the implementation of all measures adopted to control and limit documentation.

5. The Committee's work in 1980 might be considered as a labour of expansion and breaking new ground, as it had tackled issues which had previously been beyond its terms of reference. That work had included the establishment of detailed yet flexible guidelines on the preparation and organization of special conferences of the United Nations and their preparatory meetings. Those guidelines were summarized in chapter VIII of the Committee's report (recommendation 3). The Committee was also submitting to the General Assembly a draft resolution on policy questions in connexion with the convening of special conferences of the United Nations (recommendation 5) which asserted, *inter alia*, that preparatory committees for such conferences should be established only if their function could not be appropriately performed by an existing intergovernmental organ. It further suggested that the secretariat for special conferences should, to the extent possible, be provided by the existing Secretariat machinery, with such temporary strengthening as might be required. He found it gratifying that the Ad Hoc Committee on Subsidiary Organs had come to exactly the same conclusion. Since special conferences were convened by the General Assembly only after careful deliberation, and since Member States naturally hoped for true and tangible progress from them, it was imperative that any organization and bureaucratic slack impeding the preparatory process should be eliminated to the extent possible. An unequivocal policy should be established to obviate quarrels between intergovernmental organs and Secretariat units, and he therefore hoped that the Fifth Committee and the General Assembly would adopt the proposed draft resolution.

6. The Committee on Conferences, having ascertained the favourable effects of over-programming and welcomed the fact that it had become an integral element of Secretariat operations, had submitted recommendation 1. The Secretariat was to be commended for its determination to reduce the adverse impact of cancellations.

7. With regard to the planned and actual duration of sessions of subsidiary bodies, the Committee on Conferences, in view of the lack of response to the exhortations of the General Assembly to subsidiary organs to explore possibilities

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of shortening their sessions and of meeting on a biennial basis or less frequently had decided to pursue a different strategy. He had addressed letters to each of the chairmen of bodies whose performance with regard to cancellations, late starting and early ending had been particularly negative in which he requested their co-operation in the review to be carried out by the Committee. The replies so far received had not been encouraging but, in his view, a sober analysis of the reasons put forward pointed to potential progress in that area. The Committee was inclined to take further steps to that end and hoped that the General Assembly would authorize it to do so, although the process might be a thorny one in view of what certain organs believed to be acquired rights. Any relevant results contributing to the streamlining of the machinery of meetings of subsidiary bodies of the General Assembly should be fully reflected in the draft calendar of conferences for the forthcoming biennium 1982-1983.

8. In that connexion, he observed that the Secretary-General in his report on the work of the Organization for 1980, had said that "important as it is to rationalize structures and procedures, it should be emphasized that these are not aims in themselves but rather the means for supporting the substantive work of the Organization, the programmes, facilities and services it produces for the benefit of Member States, and the international community at large". The Secretary-General had further pointed out that "the enormous effort in terms of meetings and documents is still out of proportion to the results achieved in terms of practical policies for the future or actual benefits to the peoples of the world". Both comments delineated appropriately the complex task represented by the rigorous examination of the overburdened meetings schedule.

9. It was significant that the Ad Hoc Committee on Subsidiary Organs had emphasized the need both to reduce the duration and frequency of sessions of subsidiary organs and had stressed to make greater efforts to schedule meetings on a biennial basis.

10. On the subject of the control and limitation of documentation, the Committee had studied all the measures adopted but had confined itself to requesting the Secretary-General to ensure that detailed and adequate explanations were provided for any delays in the issue of all documentation and that such explanations were adequately reflected in documents on the state of preparedness of documentation. Since experience in the Main Committees indicated that the measures adopted had either not been needed or not been effective enough, the appropriate course might be to have the Committee on Conferences carry out an in-depth study of documentation problems and of effective mechanisms and measures to strengthen and enforce existing rules on controlling and limiting documentation. That might make it possible to appreciate more fully other problems and identify malfunctions; appropriate recommendations might be considered by the General Assembly in 1981.

11. The revised draft calendar of conferences and meetings for 1981 recommended by the Committee was contained in the addendum to its report (A/35/32/Add.1, annex II). It should be noted, however, that the recommendation of the Third United Nations Conference on the Law of the Sea that its tenth session should be held in New York from 9 March to 24 April 1981 had not yet been incorporated in the draft calendar,

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as it was still subject to approval by the General Assembly at the current session. If the Assembly approved the recommendation, adjustments would have to be made to the calendar, because certain meetings already scheduled for New York during that period would have to be rescheduled in order to provide the required level of facilities to the Conference. The Committee on Conferences was recommending in that event that the General Assembly should authorize it to meet during the thirty-fifth session in order to make the required adjustments in the calendar, thus enabling the Assembly to consider fully any financial implications involved. The calendar likewise made no provision for any meetings in connexion with the global negotiations and it was therefore conceivable that further adjustments might become necessary at a later stage.

12. The General Assembly had in resolution 34/50 requested the Committee on Conferences to examine ways of enabling the Committee to play a more effective role. The Committee's report, in chapter VII, reflected only the exchange of views on the subject and made no specific proposals to the General Assembly. In his view, the Committee had proved to be a valuable tool for Governments to exercise some control over the activities of the Organization; furthermore, the Committee on Conferences was the only institutionalized channel ensuring a permanent flow of information between the Secretariat and Member States about important matters concerning international conferences and meetings and the management of a substantial fraction of the Secretariat's resources. It was also essential for Governments to participate in the process of rationalizing intergovernmental structures, setting guidelines for the efficient use of resources which, ultimately, were financed by Governments, and the continuous process of improving the efficiency of the Organization.

13. Little by little, the Committee on Conferences had contributed to enhancing the efficiency of the programme of meetings, although much remained to be done. He was confident that, with the new members which were to be appointed by the President of the General Assembly and with the support of its efficient Secretariat the Committee would continue to make progress in the direction he had described.

14. The CHAIRMAN announced that the list of speakers on agenda item 96 would be closed on Tuesday, 7 October.

AGENDA ITEM 91: PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981 (continued)

Depositary functions of the Secretary-General and registration and publication of treaties (A/C.5/34/40 and Corr.1-2; A/35/7/Add.1)

Revised estimates for sections 26 (Office of Legal Affairs) and 29 A (Department of Conference Services, Headquarters)

15. Mr. VISLYKH (Union of Soviet Socialist Republics) reiterated his delegation's position that the approval of new appropriations in a non-budget year was unacceptable. All activities approved in such years should be financed from available resources resulting from completion, elimination or modification of

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existing programmes and the identification of activities that were obsolete, of marginal usefulness or ineffective. He reaffirmed his delegation's objection of principle to a further increase in the staff, which was already too large. Consequently, if a vote was taken on the Advisory Committee's recommendation that additional appropriations should be made for the depositary functions of the Secretary-General and the registration and publication of treaties, his delegation would vote against it.

16. Mr. LÖSCHNER (Federal Republic of Germany) praised the efforts of the Treaty Section, in co-operation with the Sixth Committee, to rationalize the registration and publication of treaties. His delegation favoured such activities, the primary aim of which was to ensure that the publication of the 40 annual volumes of the Treaty Series and the plan to reduce the publication backlog of more than 200 volumes were carried out efficiently. It was accordingly prepared to approve the revised estimates recommended by the Advisory Committee in paragraphs 12 and 13 of document A/35/7/Add.1. He said that his delegation would not, however, agree to the approval of a further revised estimate for 1980-1981 once the amounts recommended by the Advisory Committee had been appropriated.

17. Mr. LAHLOU (Morocco) said that his delegation supported the efforts of the Secretary-General in connexion with his depositary functions and the registration and publication of treaties. It believed that the Secretary-General had been given the necessary funds and means to eliminate the backlog in the publication of treaties. It would, however, welcome improvements in the system of filing and publishing treaties within a reasonable period. His delegation consequently supported the Advisory Committee's recommendations.

18. Mr. FRASER (United Kingdom) said that his delegation supported the Advisory Committee's recommendations in document A/35/7/Add.1 because it attached great importance to the Secretary-General's functions with regard to the registration and publication of treaties and believed that adequate resources should be made available to the Secretary-General to enable him not only to clear up the existing backlog of publications but also to keep abreast of the projected 1980-1981 workload. The recommendations of the Advisory Committee fairly reflected the level of resources required to achieve that. However, his delegation was not agreeing to additional appropriations; they should be avoided through offsetting savings elsewhere by the elimination of activities which had been completed or were obsolete, of marginal usefulness or ineffective. If appropriations were proposed by the Secretary-General on second reading, his delegation would have to vote against them.

19. Mr. GUBSCI (Hungary) said that the financial implications should be offset by releasing resources from obsolete, marginal or ineffective activities. His delegation was strongly opposed to solving problems by new expenditure; it could therefore not agree to the requests for funds contained in the documents before the Committee.

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20. The CHAIRMAN invited the Committee to take a decision on the recommendations made by the Advisory Committee in paragraph 13 of its report (A/35/7/Add.1).

21. The recommendation of the Advisory Committee for additional appropriations of \$219,200 under section 26 (Office of Legal Affairs), of \$76,000 under section 29A (Department of Conference Services, Headquarters), \$50,800 under section 28D (Office of General Services, Headquarters), and an appropriation of \$61,400 under section 31 (Staff assessment) to be offset by additional revenue in the same amount under income section 1 (Income from staff assessment), was approved without a vote.

22. The CHAIRMAN suggested that the Committee should endorse the Advisory Committee's recommendations in paragraphs 11 and 12 of its report (A/35/7/Add.1).

23. It was so decided.

24. Mr. PAPENDORF (United States of America) said that his delegation had always supported the participation of the United Nations in the process of strengthening international law and therefore set great store by the measures taken to eliminate the backlog in the publication of the Treaty Series. However, if the item had been put to the vote, his delegation would have voted against it, since it believed that the expenditure in question could be financed from savings realized by eliminating activities which had been completed or were obsolete or through the Secretary-General's proposals for eliminating marginal or ineffective programmes.

Services provided by the United Nations to activities financed from extrabudgetary resources (A/C.5/34/21, A/35/7/Add.2)

25. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) drew the Committee's attention to the report of the Secretary-General on services provided by the United Nations to activities financed from extrabudgetary resources (A/C.5/34/21) and the related report of the Advisory Committee (A/35/7/Add.2). The Secretary-General's report was the fourth in a series of reports submitted on the recommendation of the Advisory Committee, which had considered that the United Nations was not receiving adequate reimbursement for the services it provided to programmes or administrative structures financed from extrabudgetary resources.

26. For the purpose of analysis and evaluation, the Secretary-General had divided the services provided into three categories: (a) services in support of the administrative structure of extrabudgetary activities, for example, the UNDP and UNICEF secretariats; (b) services in support of technical co-operation programmes; and (c) services in support of substantive activities financed by extrabudgetary funds, such as trust funds. Of the three categories, the most complex was probably the category of services in support of technical co-operation programmes. In that regard, paragraph 13 of the Advisory Committee's report noted that the question of the rate of reimbursement for those services was currently under

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consideration by the Governing Council of UNDP. At its most recent session, held at Geneva, the UNDP Governing Council had adopted decision 80/44, concerning agency support costs, which the Economic and Social Council had endorsed in resolution 1980/65. In its consideration of the question of support costs, the Fifth Committee would have before it the decision and resolution in question. If the General Assembly approved the rate recommended by UNDP and endorsed by the Economic and Social Council, that rate would be used to determine the quantum of resources that would be reimbursed for services in support of technical co-operation activities.

27. With respect to services in support of the administrative structure of extrabudgetary activities, two general questions were examined: the rate of reimbursement and the administration and management of the reimbursement resources. The Secretary-General had followed the approach suggested by the Advisory Committee whereby the rate of reimbursement would be determined on the basis of a simple formula agreed between the United Nations and the administrative structure concerned. Consultations had already been held with UNDP and there would be consultations with other entities, such as UNICEF, the Office of UNHCR and the secretariat of the United Nations Joint Staff Pension Board, with a view to reaching an acceptable formula, which, if necessary, could be revised at periodic intervals. The Advisory Committee considered that the methodology adopted by the Secretary-General, as described in his report, was pragmatic and should be maintained.

28. Concerning support costs for substantive activities, the Advisory Committee shared the Secretary-General's view (A/C.5/34/21, para. 37) that the rate of reimbursement was clearly related to the question of the formula for reimbursement of technical co-operation support costs.

29. On the question of the administration and management of reimbursement resources, he observed that reimbursements and other extrabudgetary funds represented a considerable portion of the financial resources of the United Nations. Accordingly, efficient management of those resources was as important as the question of determining a fair rate of reimbursement. ACABQ had requested the Secretariat to provide further information on the subject, which it had taken fully into account when preparing its report to the Fifth Committee.

30. Annex I of the Advisory Committee's report contained information on the procedures and criteria used for the creation of extrabudgetary posts. The creation of extrabudgetary posts was also dealt with in paragraphs 19 to 25 of the same report and further information was given in the table in annex II. After a thorough consideration of that information, ACABQ had concluded that the time had come for closer scrutiny of the matter. It therefore recommended in paragraph 24 of its report that "henceforth the establishment of all extrabudgetary posts at the D-1 level and above for which the approval of an intergovernmental organ is not required be subject to the concurrence of the Advisory Committee". In making that recommendation, the Advisory Committee had certainly not intended to create *problems for programme managers* in the Secretariat. Should any difficulty arise in applying the recommendation, the Secretariat must draw it to the Advisory Committee's attention, in accordance with normal practice.

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31. As for the administration and budgetary presentation of reimbursement resources, the Advisory Committee, after analysing the information it had requested, had reached the conclusion that the existing procedures should be maintained, even though the administration and management of both reimbursements and other extrabudgetary resources were by no means satisfactory. The debate in the Fifth Committee on item 90 and the comments made by the Assistant Secretary-General for Financial Services in reply to delegations' questions had underscored the need for new measures to ensure that those funds were administered more efficiently. Both the Board of Auditors and the Advisory Committee had pointed to continuing deficiencies in that respect, especially in the administration of trust funds. In paragraph 9 of its report on financial reports and accounts, and reports of the Board of Auditors (A/35/437) the Advisory Committee expressed its concern at the slow progress in adopting and enforcing measures for the efficient management of trust funds. It was to be hoped that the additional measures which the Secretary-General intended to take, as described in the relevant report of the Advisory Committee (A/35/7/Add.2, paras. 21 and 22), would help to improve the current situation.

32. On the question of submitting future reports, he said that the Advisory Committee had no objection to the Secretary-General's stated intention of reflecting information on services provided by the United Nations to activities financed from extrabudgetary resources in future programme budget proposals, instead of submitting further separate reports on the issue (A/35/7/Add.2, para. 28). He drew attention to annex III of the Advisory Committee's report, which showed how annex VIII of the proposed programme budget would be presented in future.

AGENDA ITEM 90: FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/C.5/34/L.3, L.4)

- (a) UNITED NATIONS (A/35/5, vols. I-IV);
- (b) UNITED NATIONS DEVELOPMENT PROGRAMME (A/35/5/Add.1);
- (c) UNITED NATIONS CHILDREN'S FUND (A/35/5/Add.2);
- (d) UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE REFUGEES IN THE NEAR EAST (A/35/3/Add.3);
- (e) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH (A/35/5/Add.4);
- (f) VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (A/35/5/Add.5);
- (g) FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME (A/35/5/Add.6);
- (h) UNITED NATIONS FUND FOR POPULATION ACTIVITIES (A/35/5/Add.7);
- (i) UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION (A/35/5/Add.8).

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Report of the Advisory Committee on Administrative and Budgetary Questions
(A/35/437)

Report of the Board of Auditors on the United Nations International School
(A/C.5/35/5)

33. Mr. SPETSIOS (Greece) said that the Fifth Committee had, in 1980, gone deeper into the financial reports and accounts of the United Nations and its agencies, thanks to the comprehensive reports of the Board of Auditors and the Advisory Committee and the statements made by the different delegations.

34. In its report, the Board of Auditors had shed light on a number of weaknesses in the financial and control systems of the United Nations. Consequently, its recommendations deserved careful consideration and the Board should continue to focus on those issues. The Assistant Secretary-General for Financial Services had already informed the Committee of the measures being taken to rectify such weaknesses. The difficulties which hindered that process were, to a certain extent, due to the growth of the system and to the fact that some of the agencies were relatively new or carried out extensive activities, sometimes under difficult conditions. On the other hand, the Administration had made significant progress in improving operations in the financial sector, for example, through the establishment of a Financial Management and Control Systems Unit. However, greater efforts were required in the enforcement of procedures for processing, approving, recording and accumulating data on experts and consultants. His delegation was in favour of the establishment of an effective accountability system, both at Headquarters and at other offices.

35. He stressed that the rectification of the weaknesses which had been brought to the attention of the Committee was of primary importance for achieving optimum use of the resources of the United Nations, especially since Member States were currently implementing austerity and budgetary restraint measures and since major contributors to the Organization were concerned about the use of funds.

36. Mr. SAFFO (Chairman of the Audit Operations Committee) referred to the questions and observations made by several delegations during the debate on the reports of the Board of Auditors. The representative of the Federal Republic of Germany had expressed the hope that the Board would closely monitor developments in the programming and budgeting processes and advise on the best means of integrating such procedures without weakening the central financial authority of the Organization. That aspect would be included in the audit plans for the biennium 1980-1981 and a report would be submitted to the Fifth Committee in due course.

37. The Board had also taken note of the proposal by the representative of Brazil that it should, in future, include in its report cases where the Administration had not rectified the deficiencies noted by the Board. In compliance with General Assembly resolution 32/16 the Board would continue to include in all its future audit reports a chapter drawing attention to any failures by the organizations concerned to take the necessary measures to rectify inadequate financial management practices already commented on by the Board of Auditors.

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38. The representative of India had asked the Board of Auditors to indicate the approximate number of posts that needed to be added to the United Nations Internal Audit Division to make it more effective. It had been the practice of the Board not to make specific remarks on administrative matters in its reports. The Board preferred to identify problem areas, make recommendations and leave the administrative details to the respective administrations. However, it should be pointed out, by way of example, that UNICEF currently had 10 internal auditors and 4 vacant posts. UNDP had only seven internal auditors. The United Nations Internal Audit Division had 16 internal auditors in its Headquarters Audits Section, 12 in its Field Audits Section and 13 in its Geneva Section. To make its audit work more effective, the Division would require two more auditors for the Headquarters Section, two more in the Field Section and one more in the Geneva Section.

39. Referring to Statement I of UNRWA's Financial Statements (A/35/5/Add.3), the representative of Canada had stated that expenditure on items such as general education and vocational and professional training had been below budget provisions and he had asked whether that situation implied that certain services had not been provided. He had also mentioned the increase in the provision for staff separation costs and had asked why the Board of Auditors had not commented upon those matters in its report. With regard to the first question, it should be pointed out that in paragraph 4 of its report on UNRWA (A/35/5/Add.3), the Board of Auditors had stated that planned levels of expenditure of some recurrent cost items had not been completely achieved. Those comments obviously referred to expenditure incurred under the items referred to. The variances between budget figures and expenditure of certain programmes did mean that the Agency had not provided some services. The increase in the provision for staff separation costs could also have been made from the Agency's General Fund. As stated in note 10 to the financial statements, the provision for staff separation costs had increased from about \$17.3 million in 1978 to about \$31.2 million in 1979. That had been mainly due to changes in the Agency's staff rules which made most of its staff aged 50 to 60 eligible for an early voluntary retirement.

40. In its previous report on UNRWA (A/34/5/Add.3), the Board of Auditors had expressed concern about certain aspects of UNRWA's internal audit and had recommended that immediate attention be given to reviewing the scope and organizational arrangements of that function. The Board had followed up on the measures which had been adopted in the light of its recommendations and was satisfied that the Administration of UNRWA had either taken appropriate action or provided satisfactory explanations in response to the Board's observations and recommendations. The current reorganization of UNRWA headquarters would make it possible to separate the control of the internal audit function from operational management.

41. With regard to the remarks made by the representative of Canada on the Board's recommendations regarding the activities of UNHCR (A/35/5/Add.5), he said that during its next audit of the activities of UNHCR the Board of Auditors would monitor the implementation of its recommendations and would submit a report to the Fifth Committee at its next session.

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42. The Board had also taken note of the concern expressed by the representative of the Sudan regarding the implementation of the budget, the assessment of the objectives of programmes and the usefulness of such programmes, and would take action wherever appropriate. Finally, he assured the representative of the Philippines that the Board of Auditors audited expendable and non-expendable property items not only at the headquarters of the respective United Nations organizations but also at the field offices.

43. Mr. RUEDAS (Assistant Secretary-General for Financial Services), in response to the question of the representative of Italy regarding the budgetary situation at the United Nations International School (UNIS) in the last school year ending on 30 June 1980, said that not only had the accumulated deficits of the School been liquidated, through use of a portion of the United Nations grant of \$1,315,000, but it had also been possible for the School to finish the year with a modest surplus. With regard to the budget for the current year, the School had increased fees by 11 per cent and there was every expectation that the budgetary balance achieved during the previous year would be sustained, at least for the near future. All the comments on UNIS made in the Committee would be transmitted to the appropriate School authorities.

44. On the question of the use of non-convertible currency to pay the salaries of experts and consultants, he wished to inform the delegation of the Philippines that a percentage of the salaries of approximately 70 experts were currently being paid in 10 different currencies, an amount equivalent to approximately \$87,000 per month or a little over \$1 million a year.

45. The representative of Ghana had requested an explanation of the International Trade Centre practice of advancing half of the contract fee of experts and consultants upon commencement. The Board of Auditors had made a number of recommendations to ITC on the matter. In adopting those recommendations, the Executive Director had issued instructions emphasizing the importance of the end of assignment reports and had set up a working group which was currently reviewing the format and other procedures relating to such reports. ITC had reduced the initial payments to one third of the contract fee or one month's remuneration, whichever was less.

46. The delegation of the Libyan Arab Jamahiriya had asked for an explanation regarding the tripartite relationship between the central financial services at Headquarters, the heads of the different departments, both at Headquarters and in the field, and the officers in those departments who were entrusted with financial functions. Current practice was that the Budget Division authorized expenditure on behalf of the Assistant Secretary-General for Financial Services. Such authorizations, called allotments, contained authority in respect of funds appropriated by the General Assembly or in respect of extrabudgetary funds. The allotments were addressed to heads of departments or offices for the attention of the appropriate certifying officer, who would usually have been personally designated by the Assistant Secretary-General for Financial Services to control the expenditure of those allotments. Those officers were therefore responsible to the

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Assistant Secretary-General for Financial Services for the expenditure of the funds allotted to them in accordance with the Financial Regulations and Rules and the related administrative instructions. They were also responsible for containing expenditure within the limits of the allotments issued, with due regard to foreseeable future obligations. A supervisory relationship therefore existed between the heads of departments or offices and the financial officers assigned to those departments or offices, while a functional relationship existed between the officers concerned and the Assistant Secretary-General for Financial Services.

47. The discussion in the Committee had clearly shown the importance which delegations attached to the financial management of the Organization, which was conditioned to some extent, by its structure. He agreed that there was a need to achieve a sound balance between decentralized management and central financial control. The importance of that issue could not be minimized. The United Nations had grown considerably over the years in budgetary terms and also in staff and in the number of its offices throughout the world; its financial management had clearly evolved at a much slower pace. In order to correct that situation there was a need to make delegations of authority and the financial directives more precise and detailed, and to produce more complete and timely financial information. That task was the responsibility of the Office of Financial Services. The desires of Member States and the evolution of the Organization's activities clearly indicated the need to decentralize authority while maintaining strict central financial control; such requirements were not only essential but also complementary in every sense. In order to achieve those two objectives there was a need to improve the quality and timeliness of financial information, to define clearly the limits and subjects of delegation of financial authority and to progress towards a system of rigorous post facto audit rather than of central decision of all issues.

48. The system of effective financial control must therefore be strengthened in an increasingly decentralized operational setting; a financial information system which would help senior management to administer the affairs of the Organization properly must be maintained; cash resources distributed among a number of offices having different expenditure patterns and different investment opportunities must be managed adequately; financial reports for governing bodies must be prepared which would give a meaningful indication of the activities undertaken; financial procedures must be simplified by utilizing computer-based systems to the extent possible; and the recording of financial policies and procedures must be systematized. The six points he had enumerated constituted a valid set of objectives which the Office of Financial Services would seek to achieve with the active co-operation of the Board of Auditors, whose observations and suggestions had always been of the greatest value.

49. The CHAIRMAN said that the draft decision contained in document A/C.5/35/L.3 would be considered by the Committee when interested delegations had completed their unofficial consultations on the matter. The Committee would next take a decision on draft resolution A/C.5/35/L.4.

50. Draft resolution A/C.5/35/L.4 was adopted.

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ORGANIZATION OF WORK

51. The CHAIRMAN said that, in view of requests from a number of delegations that the date for elections and appointments to fill vacancies in subsidiary organs should be advanced, the Bureau had decided that it would be possible to make those appointments, except for those to the International Civil Service Commission, on Friday, 10 October, and that was what he recommended.

52. Miss MUCK (Austria) asked whether appointments to the Committee on Conferences would be made the following week, as that organ was one of those for which members would have to be appointed under the resolution to be approved by the General Assembly following consultations by the President with the regional groups.

53. The CHAIRMAN said that there would also be consultations with regional groups on the appointment of the members of the Committee on Conferences; if consultations were sufficiently advanced, a decision could be taken on Friday and, if not, the Chairman would so inform the Fifth Committee on Thursday.

54. Mr. KEMAL (Pakistan) said that a number of candidates for appointment to various organs would still be absent from New York the following week. He therefore suggested that a two-week period should be allowed for those appointments.

55. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that he was not aware of any requirement that candidates for subsidiary organs must be present at the time of their appointment. The Fifth Committee had always elected those candidates whose names were included in the notes of the Secretary-General and delegations had adopted their positions whether or not candidates were present in New York. He therefore considered that the rules of procedure of the Fifth Committee should be strictly applied and that the appointments should be made on the date proposed.

56. The CHAIRMAN said that for the reasons stated by the representative of the Soviet Union, he could not accede to the request of the representative of Pakistan; he therefore recommended that the appointments should be made on Friday, 10 October.

The meeting rose at 1.10 p.m.