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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1960

Form of the Budget

(Report by the Secretary-General)

Introduction

1. The present form of the budget was approved by the General Assembly in February 1957, on the unanimous recommendation of its Fifth Committee, for an experimental period of two years. The question whether this form should be retained on a continuing basis will accordingly be considered by the General Assembly at its fourteenth session. As indicated in the Foreword to the 1960 budget estimates, it is the Secretary-General's conclusion that the advantages foreseen at the time of the adoption of the present form of the budget have been progressively realized without sacrifice of the detailed and informative data necessary to a proper evaluation of the budgetary proposals. This is not to say that a state of perfection has been reached, but indications point to increasingly successful use of the existing form as it is being developed.

2. The present form is based on proposals made by the Secretary-General in 1955 and 1956 (A/C.5/639 and A/C.5/662) and reviewed by the Advisory Committee on Administrative and Budgetary Questions (A/3081 and A/3372). The Secretary-General's proposals reflected the experience gained over the years 1946 to 1956 in the preparation, review and administration of the annual budget of the Organization, and were calculated to improve budget presentation, review and administration through the grouping together of like objects of expenditure and the avoiding of proliferation of budget items as the activities of the Organization expanded. Thus, the budget estimates for 1960 comprise a presentation in eight parts and twenty sections, as compared with 12 parts and 40 sections in 1957.

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3. Further advantages expected to accrue from the revised form of the budget are set out in the Secretary-General's foreword to the 1958 budget estimates (A/3600, paragraphs 10-12). Briefly these are:

- (i) The General Assembly and its subsidiary bodies would be enabled to obtain a clearer picture of the precise purposes for which the estimates were presented, and to exercise a more effective control over the total of particular expenses in relation to the aggregate budget figure. At the same time, the Secretary-General's transfer authority in respect of like items would be enlarged, and the old anomaly of transfers of funds between totally unrelated items within the same section curtailed.
- (ii) The Secretary-General would be better able to carry out the established policy of a flexible interchange of staff not only between departments at Headquarters, but between all United Nations offices.
- (iii) Since the General Assembly would be voting funds for larger units, the Secretary-General would have the responsibility of undertaking a second critical review of actual needs at the time funds are allotted.

4. As already stated, these expectations are progressively being realized. Within the limits of annual budgetary appropriations, the Secretary-General has been able to reassign staff to areas where programme needs are of proven urgency, and to meet at least partially, from existing resources, certain extraordinary demands on the Organization such as those arising from the events in the Middle East. With this flexibility in the deployment of staff resources, the Secretary-General in the estimates for 1960 has been able to avoid a request to the Assembly for any increase in the professional establishment at Headquarters. Revisions of the initial budget estimates for 1958 and 1959 were limited to the essential minimum required to meet high-priority work programmes called for by actions of the General Assembly or the Councils.

5. Again, there is not only a "second critical look" at the actual needs of the various work areas at the time allotment of funds is made, but the new form makes possible, and perhaps even necessary, a continuous review of programmes and priorities throughout the working year on the basis of departmental needs as these emerge and, in the process, stimulates a review and streamlining of current practices affecting other fields of administrative and financial management.

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6. The Secretary-General has given careful thought to the constructive observations expressed during the general discussion of the budget estimates in the Fifth Committee at the 12th and 13th sessions of the General Assembly. One frequently expressed observation was to the effect that the information provided in the budget text was not sufficiently comprehensive and that, unless it were further developed, the new form of the budget might not prove conducive to an adequate understanding and appraisal of the annual estimates, especially where requests for additional posts or other resources to meet new projects were involved. A related and perhaps more substantial criticism was the feeling that the general explanation of the budget figures should be much more closely identified with the approved programmes of the Organization. It was hoped that the direction, priority and cost of these programmes might emerge in bold relief in the budget document, thereby facilitating the review by the General Assembly of broad administrative and budgetary problems and sustaining a continuing effort on the part of the Assembly, the Councils and the Secretariat to produce a rational programme of activities financed within limits which would be kept within reasonable bounds.

7. As to the provision of more comprehensive information on the estimates, attention is drawn to the inclusion in the 1960 budget estimates of certain statistical tables and explanations designed to facilitate the General Assembly's detailed scrutiny of the estimates, particularly, the tables appended to sections 6, 13, 14 and 15, where an attempt has been made to present proposed budgetary credits both by location, and by major area of activity. There is also included in the foreword to the 1960 budget estimates a detailed analysis of the total budgetary situation with particular reference to variations in the level of budgetary credits proposed for 1960 as compared with those approved for 1959. The Secretary-General would hope furthermore that the recent issue of the revised "Organization of the Secretariat" (ST/ADM/1), and the amplification of the 1960 budget foreword to indicate the anticipated shifts in emphasis of certain work programmes, go some way towards meeting the requirements of Member States. In the latter case, the purpose is to direct the attention of the Assembly to general trends and likely developments in particular programmes based on the experience of the past year rather than to focus attention on specific projects.

No attempt is made in the budget document to duplicate the description of the work programmes of the Secretariat, as fully set forth in the annual reports of the Councils to the General Assembly and in the report of the Secretary-General on the work of the Organization. The listing of the conference programme which has been presented to the General Assembly for approval during the past two years also serves to indicate the general nature of a substantial volume of the Secretariat's annual workload. Further thought has also been given to an improvement of the presentation of Annex II of the budget estimates showing the projected costs of programmes falling within broad fields, in addition to which a study correlating main fields of activity with actual expenditures for the period 1956 to 1958, following a pattern similar to that presented in Annex II, is currently being made with a view to testing the validity of the methods and assumptions used in the preparation of the project estimates. Accordingly, the Secretary-General believes that, taking these various innovations and improvements into account, the presentation of the 1960 estimates is not only a somewhat more detailed, but at the same time a more rational one than that of previous years. Besides the additional material that has been incorporated in the budget document itself, mention might also be made of the supplementary reports furnished by the Secretary-General to the Advisory Committee, both written and oral, in furtherance of that Committee's detailed review of the estimates.

#### Experience with the current form of the budget

8. At the time the present form of the budget was approved, one of the more fruitful areas foreseen for greater flexibility in the direction and use of resources was that relating to section 6 (Salaries and wages) and its associated section 7 (Common staff costs). Inasmuch as these sections together comprise nearly two-thirds of the total appropriations, the direction of these resources affects the direction and nature of other expenditures provided for in the total annual appropriations.

9. It will be recalled that under the old form provision was made in separate sections for the number and costs of established posts and for overtime expenditures for each department or office. Temporary assistance and common staff costs were provided for in separate appropriation sections for each main

established office. In a budget prepared some eight or nine months prior to the commencement, and some twenty months prior to the close, of the financial year to which such estimates related, this involved a rigidity not fully consistent with the fluidity of United Nations operations. Moreover, the credits voted for particular sections inevitably lent themselves to a utilization by the mere fact of availability, and were less subject to central control both as to direction of resources and to clear accounting distinction between objects of expenditure. The grouping together of budgetary credits for the same object of expenditure, regardless of location or field of activity, contributes to greater flexibility together with more central control, and facilitates the rapid transfer of available budgetary credits and staff to areas where the need is of proven urgency.

10. The new form of the budget originally envisaged a section for salaries and wages excluding the Field Service, the Technical Assistance Administration, the Secretariat of the Permanent Central Opium Board and Drug Supervisory Body, the Secretariat of the Joint Staff Pension Board and Staff Pension Committee, and the Office of the High Commissioner for Refugees. Except for the first and the last of these units, means have been found for incorporation of the staff and other costs within the consolidated budget form, while by means of annexes a presentation has been included showing separately the estimated costs of the incorporated units. The form of presentation of the estimates for the Field Service remains under review, but, at the present time the balance of advantage would seem to rest with continuing to show them separately.

11. Maximum effectiveness in the use of established posts on a priority basis necessarily demands continuous consultation and co-operation between the various organizational units. The consolidated manning table is being administered on the basis of such consultations involving inter alia a post-by-post adjustment between one department or office and another. More recently and as an experiment, attempts are being made to assign priorities to permissible recruitment against the totality of established-post vacancies. This involves the assignment of existing and anticipated vacant posts to the various work-areas on the basis of a determination of priority-needs, and an advance planning for recruitment to fill those posts.

12. In view of the fact that under current arrangements the cost of established posts, temporary assistance and overtime are comprised in one appropriation section, the Advisory Committee on Administrative and Budgetary Questions has attached importance to the development of procedures for centralized control over the use of established posts, and budgetary credits for temporary assistance and overtime. As a corollary, this involves the development of definitions and procedures looking towards a clear differentiation of established posts and temporary assistance costs. Such definitions and procedures have been worked out in consultation with the Advisory Committee and are now being applied.

13. The Secretary-General feels that, from the operational point of view, the present form of the budget has advantages over the old form, and is contributing towards a general improvement in administrative and financial controls and procedures. It has, to a certain extent, facilitated a rationalization of the administration and management of the major parts of the annual estimates, namely staff salaries and wages. Centralized control of temporary assistance and travel expenditures has been rendered more effective; and progress is being made towards the evolution of reasonable standards for common services expenditures, both at Headquarters and at offices away from Headquarters. It has served to highlight common services requirements in the different offices and to promote common administrative arrangements at overseas locations. By providing for a more centralized control over like items of expenditure, the present form of the budget contributes also towards relieving departmental administrative workloads. It has made it possible, furthermore, to undertake organizational and procedural rearrangements to meet changing requirements and to achieve maximum economy and efficiency in operation without the difficulties and delays that unavoidably stem from a rigid budgetary structure. But principally, it has promoted the idea of the Secretariat as a fully integrated unit, rather than one compartmentalized into departmental and divisional segments.

#### Possible future improvements

14. The detailed study of the separate items comprising a budget is the only road to economy and the best possible method of ensuring proper financial control. A logical grouping of the items for which expenditure is proposed is necessary, together with an adequate explanation of total requirements for similar purposes.

The one point helps the other. There will be a progressive development in the normal course of events, but already certain further improvements in the presentation of budgetary requirements for particular purposes might be envisaged. Such improvements could, for instance, include: a review of the precise composition of section 7 (Common staff costs), and section 8 (Travel of staff); a more rational re-grouping of the items comprising sections 13 (General expenses), 14 (Printing, stationery and supplies), and 15 (Permanent equipment).

The estimates for general expenses and more particularly the estimate for maintenance of premises and equipment (section 13, Chapter I) might distinguish clearly between the costs of contractual services, supplies, alterations and rental. Provision for stationery and office supplies might also be made in this section rather than in the section for printing, stationery and library supplies - which could be related solely to the costs of external printing and internal reproduction. With the increasing acquisition by the Organization of assets of a capital nature, such as land and structures, it might be desirable that the situation should be reflected in the annual budget, perhaps by an amplification of section 20 of the budget document (A/4110) to show the existing capital assets of the organization, together with improvements to these assets as they are made (such as the modernization of the Palais des Nations at Geneva, and the capital improvement programme at Headquarters).

15. A further improvement could be to supplement the present analyses of the estimates on the basis of (a) object of expenditure and (b) fields of activity, by an additional annex, which would show the tentative allocation of resources to each particular office location. Such an information annex would provide all the information given in prior years under the old form of the budget, without affecting the existing basis for appropriating budgetary credits for similar purposes in different sections, leaving unimpaired the advantages of administering such credits as integral units in a consolidated budget.

#### Conclusion

16. From the foregoing it will be noted that in the Secretary-General's opinion the existing form of the budget has, from an operational point of view, clearly proved more advantageous than the old form. He would accordingly recommend its

continuance for the future. Further improvements in the presentation of the detailed estimates, such as those referred to in paragraphs 14 and 15 above, will be carried out by the Secretary-General in consultation with the Advisory Committee on Administrative and Budgetary Questions. Such additional suggestions and observations as may be made in the course of the Fifth Committee's further consideration of this subject will also be taken fully into account.

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