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AUDIT REPORTS RELATING TO EXPENDITURE BY SPECIALIZED
AGENCIES OF TECHNICAL ASSISTANCE FUNDS ALLOCATED FROM
THE SPECIAL ACCOUNT

Draft Report of the Fifth Committee

Rapporteur: Mr. Francisco A. FORTEZA (Uruguay)

1. The Fifth Committee, at its 547th meeting held on 10 December 1956, considered the agenda item entitled "Audit reports relating to expenditure by specialized agencies of technical assistance funds allocated from the Special Account". These audit reports had been submitted for the examination and approval of the General Assembly by the specialized agencies concerned pursuant to the requirements set forth under General Assembly resolution 519 A (VI) of 12 January 1952, which calls on the specialized agencies to make such a submission after approval of the audit reports by the general conferences of the respective agencies or by such other authorities of the agencies as are constitutionally authorized to approve them.

2. The audit reports thus submitted by the agencies, which related to the financial year ended 31 December 1955, were transmitted to the General Assembly under cover of a note by the Secretary-General (A/3158 and Corr.1 and Corr.2) in which he drew attention to the status of the audit reports in so far as their approval by the General Conference or other competent authority of the respective agencies was concerned. The audit reports of the International Labour Organisation (ILO), the World Health Organization (WHO) and the International Civil Aviation Organization (ICAO) had been duly approved. The audit reports submitted by the Food and Agriculture Organization of the United Nations (FAO) were to be considered by the FAO Conference in 1957; and those of the United

Nations Educational, Scientific and Cultural Organization (UNESCO) by the UNESCO General Conference in November 1956. In his note, the Secretary-General also included a consolidated statement of income and obligations incurred for the year ended 31 December 1955, reflecting the financial transactions of the Expanded Programme of Technical Assistance as a whole for that year.

3. In addition to the note by the Secretary-General, the Fifth Committee also had before it, for its consideration of this item, the twenty-seventh report of the Advisory Committee on Administrative and Budgetary Questions to the eleventh session of the General Assembly (A/3432). The Advisory Committee, in its report, drew attention to the ratio in 1955 of administrative and indirect project costs to total expenditures. While noting that there had been a reduction in the ratio from 1954 (17.40 per cent) to 1955 (14.01), the Advisory Committee stated that these percentage figures had to be read in the light of various considerations. The increase in the size of the 1955 programme as compared with 1954 had contributed to the reduction in the proportion of administrative and indirect project costs, but there was, in the view of the Advisory Committee, room for further improvement.

4. The Advisory Committee also referred to a specific point that had been raised in several of the audit reports regarding the obligating procedure followed under the Special Account with regard to fellowships whereby the entire cost of the fellowship is obligated at the time of the award, regardless of its expected duration beyond the current year. The Advisory Committee reported the reasons it had been given to understand which made, under the country-programming system, such a procedure necessary; and the fact that, while no serious immobilization of resources had arisen, these procedures would be under review by the Technical Assistance Board in the light of the experience gained during the first full year (1956) of operation of all participating agencies under the country-programming system.

5. In the discussion of this item in the Fifth Committee, the representative of Denmark, referring to paragraphs 6 to 8 of the audit report relating to the Food and Agriculture Organization (A/3158, page 7), gave further explanations of the arrangements for the audit of the accounts of training centres financed from the

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"restricted Danish contribution". He pointed out that the 1955 courses had been the first of this nature and a certain number of difficulties had arisen in their organization so that there had been a delay in the accounts for the 1955 courses. However, these difficulties were being overcome and the accounts for the 1956 summer courses had been transmitted to FAO as early as 19 November 1956.

Recommendation of the Fifth Committee

6. The Fifth Committee decided, unanimously, to recommend to the General Assembly the adoption of the following draft resolution:

AUDIT REPORTS RELATING TO EXPENDITURE BY SPECIALIZED
AGENCIES OF TECHNICAL ASSISTANCE FUNDS ALLOCATED FROM
THE SPECIAL ACCOUNT

"The General Assembly

"Takes note of the audit reports (A/3158 and Corr.1 and Corr.2) relating to expenditure by specialized agencies of technical assistance funds allocated from the Special Account, for the financial year ended 31 December 1955, and of the observations thereon of the Advisory Committee on Administrative and Budgetary Questions, as set forth in its twenty-seventh report (A/3432) to the General Assembly at its eleventh session."
