



SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. OKEYO (Kenya)

later: Mr. VAN DEN HOUT (Netherlands)

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

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

AGENDA ITEM 121: PERSONNEL QUESTIONS (A/43/659; A/C.5/43/6 and A/C.5/43/14)

1. Mr. ANNAN (Assistant Secretary-General for Human Resources Management) said that at a time when the United Nations was having substantial successes in areas as important as the maintenance of international peace and security and the settlement of international disputes, it was more than ever essential to put into place an effective and innovative personnel policy. Despite financial difficulties, much progress had been made since the forty-second session. Pursuant to recommendation 15 of the Group of High-level Intergovernmental Experts (Group of 18), the Office of Human Resources Management had begun - in consultation with the staff - a retrenchment plan based on the policy of attrition and setting forth the procedures for the redeployment of staff whose posts were to be abolished. Those who would be terminated - and the Secretary-General hoped that they would be few in number - would be compensated in accordance with the Staff Rules, special provisions being made for staff that were at least 53 years old, who would be encouraged to take early retirement.

2. The vacancy management and staff redeployment programme had already greatly increased the mobility of Professional staff. The Secretary-General had strengthened it by means of various measures, notably the granting of certain entitlements to staff assigned to duty stations with high vacancy rates. The intention was to go further and develop a systematic rotation and mobility scheme. Promotion policy had been modified, promotion being contingent upon placement. Another mobility factor was vacancy announcement of each post: all interested staff could apply, with the Secretariat selecting the most qualified. After one year, the vacancy management and staff redeployment programme had been reviewed, and it would continue to be streamlined according to the experience gained.

3. Despite a difficult situation, the Secretariat spared no effort to ensure equitable geographical and gender balances. If major distortions remained at the end of the retrenchment exercise, it would not hesitate to take new measures to correct them, but it would need the co-operation of all Member States: those that were unrepresented or underrepresented should assist by finding qualified candidates from among their nationals and those that were overrepresented should show restraint in presenting candidates.

4. He was glad to be able to mention a new policy which would make it possible to grant long-term or career appointments to nationals of the socialist bloc countries; six staff members from that group had already been appointed and other appointments were in the pipeline.

5. Better representation of women in the Secretariat remained a priority goal. Unequal distribution of women by region in posts subject to geographical distribution was of particular concern, as was the low number of women appointed to senior positions. The goal of 30 per cent representation by women in the posts subject to geographical distribution by December 1990 was not beyond reach if all

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concerned undertook to achieve it. In that connection, he thanked the delegations which had made an effort to submit candidates. He also paid a tribute to the Co-ordinator for the Improvement of the Status of Women, Mrs. Pulido de Briceño, whose mandate had expired in June 1988. Henceforth, it would be the Office of Human Resources Management which would discharge that task. He had designated one of his senior staff members to act as a focal point for activities in that area.

6. The Secretariat was pleased that the International Civil Service Commission had initiated a comprehensive review of the conditions of service of staff in the Professional and higher categories. In a number of countries, salaries and other conditions of service offered by the United Nations were no longer competitive, and that had led several Member States to provide supplementary payments to their nationals working for the United Nations. The freeze on salaries and post adjustments had resulted in a reduction in real earnings for the Professional staff. In the major duty stations, the salary increases of General Service staff had been denied for several months without retroactive payments. Because of the crisis, promotions had been delayed for six months. All those measures had demoralized the staff, who were concerned about job security and career prospects, promotions and salary improvements. Despite that, they had performed admirably during a difficult period. It was therefore high time to adopt a body of measures that would help to attract, motivate and retain staff capable of meeting the highest standards of efficiency, competence and integrity. The Office of Human Resources Management would work diligently with the Commission on that project, in which it was essential that the staff should participate fully. He therefore regretted that certain bodies representing the staff had decided to withdraw from participation in the work of ICSC and hoped that the problems which had motivated their decision would be quickly solved.

7. The Secretariat needed to strengthen its training and retraining capability in order to enhance the versatility and mobility of staff, who must expect more frequent reassignments, sometimes to difficult duty stations with uncomfortable living conditions. Training would also be needed on an unprecedented scale to enable staff to master new technologies.

8. With respect to staff at certain duty stations where their safety was daily threatened, he hoped that the study undertaken at his request would be completed soon. At the earliest possible opportunity, he would propose a life insurance plan to cover the dependants of such staff. As the security co-ordinator for the Secretary-General, he observed that the situation with respect to security had clearly deteriorated in several countries during the past year. Of the 50,000 staff members of the common system, about 30,000 were stationed outside the major headquarters cities. Decisions taken on behalf of the Secretary-General which had inter-agency implications therefore required extensive consultations with the agencies to ensure cohesive action, not only at the duty stations concerned, but also at the headquarters of the agencies. Inter-agency co-ordination had shown a marked improvement in recent years, particularly in response to the arrest or detention of staff members, and he intended to study means of strengthening that co-ordination even further.

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9. Of course, all those activities would have to be appropriately financed and receive the support of all Member States. For its part, the Office of Human Resources Management would continue to co-operate in the implementation of the recommendations of the Group of 18 dealing with personnel questions. It would be disappointing if a lack of means prevented the United Nations from assuming the major role for which it was poised on the international scene. The period of uncertainties and disjointed budgetary reductions, which had had a negative impact on programmes and conditions of service, must now give way to an era of stability that would lead to a consolidation of gains.

10. The CHAIRMAN announced that the President of the Staff Committee had asked to make an oral statement to the Fifth Committee pursuant to resolution 35/213, paragraph 3 (a). If there was no objection, he would take it that the Committee agreed to grant that request.

11. It was so decided.

AGENDA ITEMS 49 AND 114: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS AND PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 (continued) (A/43/16 and Corr.1 (Part I) and Add.1., A/43/16 (Part II), A/43/286 and Corr.1, A/43/651; A/C.5/43/Rev.1 and Rev.1/Add.1)

12. Mr. MOHIUDDIN (Bangladesh), said that his delegation had been closely involved in the preparation of General Assembly resolution 41/213 and welcomed the measures already taken by the Secretary-General, which had been reflected in considerable progress in the political sector. The recommendations of the Group of 18 had been more difficult to apply in the economic and social fields because of the complexity of the secretariat structure and the task of reviewing the intergovernmental bodies. Despite one year of effort, the Special Commission of the Economic and Social Council entrusted with the responsibility of making an in-depth study of the structure and functioning of the economic and social bodies had not been able to complete its work successfully. During the summer session, the Economic and Social Council had finally adopted a resolution on its own revitalization (resolution 1988/77). He hoped that the General Assembly would deal with that problem during the session and make recommendations on the study in progress. Therefore, no step should be taken at the present stage that would prejudice the outcome of those efforts.

13. As the Secretary-General himself had observed in his report on the work of the Organization (A/43/1), reform was not an end in itself but a means of improving the services the Organization rendered to Member States, whose expectations were rising. It would therefore be paradoxical if the United Nations continued to face financial uncertainties at a time when the international situation demanded forward-looking measures from it.

14. Since they covered a wide range of issues, the recommendations of the Group of 18 concerning personnel must be studied carefully. Despite the details given by the Secretary-General in paragraphs 15 to 21 of his report in document

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A/C.5/43/1/Rev.1, it was unclear how he had determined the number of posts that could be eliminated by 31 December 1989 and what posts were involved. If recommendation 15 was to be pursued at all levels, flexibility was required in order to avoid any negative impact on programmes. The 15 per cent target in the recommendation was therefore hard to reconcile with the latter requirement. On the other hand, the overall target of 13.2 per cent proposed by the Secretary-General and the adjustments for conference services in New York and Geneva seemed reasonable.

15. It was of the greatest importance for the developing countries to be adequately represented at the higher levels of the Secretariat; the implementation of recommendation 15 could be an opportunity to correct the existing imbalance. He recalled that under the terms of General Assembly resolution 35/210, "no post should be considered the exclusive preserve of any Member State, or group of States" and that the Secretary-General should "ensure that this principle is applied faithfully in accordance with the principle of equitable geographical distribution".

16. As for the uncertainty that recommendation 15 created among the staff, his delegation stressed that its implementation alone would not make the United Nations more effective. Ensuring the future of staff was another way to help do that. The high vacancy rate of certain administrative units, particularly the regional economic commissions, was very disturbing. His delegation noted that measures had been taken to fill the vacancies but asked the Secretariat to provide a timetable.

17. His delegation had taken particular interest in the restructuring of the Department of Public Information. The Secretary-General and the Under-Secretary-General of the Department of Public Information had tried to meet certain concerns expressed by Member States during the twenty-eighth session of the Committee for Programme and Co-ordination (CPC), but the fundamental problems persisted in terms of structure, programmes and the level and distribution of resources allocated to priority items, especially apartheid, Namibia and Palestine.

18. Despite the reforms there would be no notable improvement without proper system-wide co-ordination. That was a complicated issue, particularly because of the proliferation of institutional arrangements and programmes of work of the United Nations and the specialized agencies. In that connection he stressed the importance of joint meetings of CPC and the Administrative Committee on Co-ordination (ACC), which enabled the organization of the United Nations system to exchange views and formulate specific recommendations amenable to follow-up by the Secretariat and the governing bodies. Those meetings and other instruments of co-ordination (interorganizational analysis of programmes, ACC reports, etc.) should enable Member States to carry out co-ordination in an effective manner. In conclusion, he emphasized that the success of the reform measures required the total commitment of all the parties.

19. Mr. MUDENGE (Zimbabwe), referring to the second progress report of the Secretary-General on the implementation of General Assembly resolution 41/213 (A/43/286) and document A/C.5/43/1/Rev.1 containing the revised estimates, said

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that the documents were evidence of the efforts made by the Secretary-General to meet his responsibilities under General Assembly resolution 41/213. Those efforts alone, however, were not enough to give new strength and vitality to the Organisation and he endorsed in that connection the observation in paragraph 7 of the Secretary-General's report (A/43/286) that "for the process of reform to reach fruition, Member States must, no less, provide their full support, politically and financially to the Organisation". The reform process had been widely supported by political declarations, but those declarations would remain a dead letter if not accompanied by a commitment of all States to pay their contributions. The persistent financial crisis that threatened the very existence of the Organisation seemed to have been deliberately engineered. Acting in a spirit of domination and hegemony, certain Member States had tried to manipulate the crisis to influence the direction of reform. As the non-aligned countries had stated in 1987, the continuing financial uncertainty and the atmosphere of perpetual crisis negated the reform efforts that were so vital to the future of the Organization.

20. His delegation had studied attentively the Secretary-General's plans for the reduction of personnel as called for in recommendation 15 of the Group of 18 and endorsed the factors the Secretary-General had taken into account in formulating those plans (A/C.5/43/1/Rev.1, para. 14). It felt, however, that the principle of equitable geographical distribution of posts must be fully respected. It attached great importance to that principle, which should guarantee in particular the representation of the developing countries in the Secretariat. He wished to voice in that connection the concern caused by the reorganization of the Department of Public Information. His delegation was not alone in thinking that geographical representation must be more equitable in the upper echelons of that Department, not only in New York, but also in the United Nations information centres in the field. The restructuring in progress offered a unique opportunity to redress existing imbalances.

21. His delegation associated itself with the many delegations which had stressed the need to ensure that the restructuring did not have a negative impact on the implementation of programmes, a result which would be contrary to the aim of enhancing the effectiveness of the Organization. In that context, it agreed with the Advisory Committee that "the target for reductions in conference service posts under budget section 29 should be adjusted downward, with the "restoration" of 100 posts of the total of 357 posts originally proposed for elimination under section 29" (A/43/651, para. 15). However, it could not support the recommendation in paragraph 17 that the restoration of the 100 posts should be partially offset by a reduction of 50 posts in other areas of the Secretariat. Such a procedure would have an adverse effect on the productivity of the units from which those posts would be taken.

22. Regarding the Department of Public Information, he noted with particular satisfaction that the Secretary-General intended to highlight, in the structure of the Department, the prominence accorded to questions relating to apartheid, Namibia and Palestine. However, to ensure that such prominence was also reflected in substantive activities, the units responsible for the programmes should have the

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appropriate complement of staff. His delegation could not but express some concern on that issue. Originally, the anti-apartheid unit had had 15 Professional staff, but his delegation now understood that it was proposed to reduce that number to 7, representing a 53 per cent cut. Such a drastic reduction could only have a deleterious effect on the anti-apartheid radio programmes. His delegation felt that, on the contrary, consideration should be given to appointing persons who were knowledgeable about the situation in South Africa, competent in the languages involved and sensitive to the plight of the victims of apartheid. Furthermore, his delegation feared that the programmes would lose their focus if one section were to be entrusted with questions relating to the struggle against apartheid as well as questions relating to Palestine. The situation of South Africa under the apartheid régime and the situation of occupied Palestine were now regarded as among the most critical issues facing the international community, and deserved special and concentrated attention.

23. A reduction in personnel was always a difficult and unsettling process, but it should not be forgotten that the staff were called upon to play a critical role in the process of reform. Member States could do much to allay their fears and improve their morale. They had the duty to show their readiness to make sacrifices themselves and to commit resources in the interest of revitalizing the Organization.

24. Mr. MUDHO (Kenya) said that it was useful to try to grasp the full significance and scope of the words "reform and renewal". He noted that, since the adoption of resolutions 41/213 and 42/211, some delegations had taken contradictory approaches with regard to the measures needed to enhance the effectiveness of the Organization. Although there had been unambiguous agreement on the two resolutions, certain Member States had relentlessly attacked the fundamental principle on which the Organization was based, namely the principle of sovereign equality of all Member States, which was reflected specifically in the fact that each State had one vote. It was surprising that those delegations which put themselves forward as champions of democracy were to be found leading a crusade with the aim of suppressing democracy within the United Nations. Those same Member States, which already enjoyed the right of veto as permanent members of the Security Council, were now seeking to exercise that right in other organs of the United Nations, and particularly the Committee for Programme and Co-ordination, by using consensus as another form of veto.

25. The effect was to modify the Organization's agenda, starting with a reduction in programmes. A vicious circle was thus established: on the one hand, contributions due to the Organization were being withheld, and on the other hand, the Organization was being ordered to carry out reforms. It was clear that the United Nations could not carry out reforms without the financial resources which were due to it and which it needed in order to function. His country was convinced that the Organization was useful and viable, and that it was capable of doing much more, given the necessary political will and financial resources, to put into practice the general agreement reflected in resolutions 41/213 and 42/211.

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26. The Organization was, in particular, an indispensable instrument for the preservation of peace and the safeguarding of justice in the world. For that reason, its effectiveness and dynamism must be maintained. His delegation doubted, however, that measures such as reductions in personnel and programmes would of themselves achieve the objective of efficiency. In its view, Member States must demonstrate in practical fashion that they had the political will to achieve that end by making optimum use of available financial and human resources. Kenya considered that the international community must do much more in the economic and social fields, and that human rights would remain meaningless unless all peoples of the world enjoyed their basic and fundamental rights to food, shelter, education and health, to mention only a few.

27. While the Organization had recently been playing a particularly commendable role in the field of peace-keeping, peace was not an end in itself for the vast majority of the developing countries, but rather an indispensable requirement if those countries were to enjoy all their rights, including the right to sustainable development in all areas. For them, the reform process must be reflected in an increase rather than a reduction in operational programmes, and such programmes should be implemented with maximum cost-effectiveness.

28. In that connection, his delegation noted the Secretary-General's statement, in document A/43/286, that the process of reform could be carried out harmoniously and methodically only in a climate free of financial uncertainties. It agreed with those delegations which had stressed the obligation of all Member States to pay their contributions in full and on time. That obligation, which was affirmed in the Charter, should not be used as a means of applying pressure to make the Organization subservient to the whims of certain Member States, whatever the size of their assessed contributions.

29. In adopting resolution 41/213, the General Assembly had stipulated that the reform process should be carried out in such a manner as to avoid a negative impact on programmes, and that in cases where it was necessary to make changes to such programmes, the Secretary-General should seek prior approval from the General Assembly. His delegation wished to congratulate the Secretary-General on the way in which he had conducted the reform process as a whole. However, the reorganization of the Department of Public Information did not seem to have achieved the desired results. In his delegation's view, the rapid reorganization of the Department had not fully taken into account the letter and spirit of resolution 41/213, and was likely to have an adverse effect on programmes, particularly the anti-apartheid radio programmes. It hoped that, when a future review was carried out, the Department would take into account such concerns, to which Kenya reserved the right to return subsequently during the deliberations of the Fifth Committee.

30. With regard to recommendation 15, on the reduction in the number of posts, his delegation hoped, first of all, that the reduction in posts subject to geographical distribution would pay due regard to recommendation 47, which provided that the Secretary-General should ensure that the nationals of developing countries were duly represented at senior levels, in accordance with the relevant resolutions of the General Assembly.

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31. Secondly, his delegation hoped that the reduction in posts would not have a disproportionate effect on some units of the Secretariat. It noted in particular, with deep concern, that a disproportionate reduction rate was envisaged for the two United Nations organs based at Nairobi, the United Nations Environment Programme (UNEP) and the United Nations Centre for Human Settlements (Habitat). In its view, it was unacceptable that two organs whose programmes were so important to all, and in particular to the developing countries, should be so adversely affected that they might be incapable of carrying out their mandates efficiently. His delegation supported the recommendation of the Advisory Committee concerning the reinstatement of 100 conference service posts and the consequent reduction of 50 posts in other areas of the Secretariat. In addition, it wished to congratulate the Secretary-General on his efforts to reduce the vacancy rates in the regional commissions, in particular the Economic Commission for Africa.

AGENDA ITEM 120: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/43/11 and Corr.1)

32. Mr. SLABY (Czechoslovakia) said it was clear, on the basis of the experience gained and the discussions held in the Fifth Committee at the two previous sessions, that the capacity of Member States to pay, measured by the national-income yardstick, should remain the fundamental criterion in drawing up the scale of assessments. His delegation was convinced of the need to abide by that principle when an effort was made to elaborate a new methodology for establishing the amount of contributions. Of course, it would not be opposed to the Committee on Contributions studying the possibility of using other auxiliary and additional criteria. In its opinion, however, such criteria should be utilized on a case-by-case basis and should not be applied systematically at present; otherwise, the methodology might become obscure and the scale of assessments distorted.

33. It was imperative to take account of the specific problems of some countries, in particular by granting them relief deductions. For example, it was entirely justified to take into consideration the situation of countries which had difficulty in obtaining freely convertible currencies, particularly because of protectionist measures which restricted the foreign trade of countries that depended on the export of one or a few commodities, and of countries that depended almost exclusively on imports. Similarly, it was entirely appropriate to take the foreign-indebtedness factor into account, provided, however, that reliable data were available. It was therefore necessary for the Committee on Contributions to examine that question in greater detail. On the other hand, it was no longer necessary to revert to the question of the statistical base period, since it had been agreed that it should be set at 10 years.

34. To reduce the burden on Member States while eliminating the financial crisis of the Organization, it was of course appropriate to limit the growth of the United Nations budget and to increase the effectiveness of expenditure, but it was also necessary for Member States to refrain from the practice of deferred payment of their contributions to the regular budget. His delegation wished to stress, in

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that connection, that his country had already paid its contributions to the Organization. In conclusion, he expressed support for the draft resolution and for the scale of assessments for 1989-1991 recommended by the Committee on Contributions in paragraph 68 of its report, since no other acceptable solution had been proposed within the framework of the existing methodology.

35. Mr. Van Den Hout (Netherlands) took the Chair.

36. Mr. WANG Liansheng (China) noted, after drawing attention to the main elements of the methodology used to establish the scale of assessments, that the proposed new scale was far from perfect. Despite the efforts made by the Committee on Contributions to lighten the burden on developing countries, his delegation noted with concern that the scale of assessments for more than 20 developing countries had increased, the total rise amounting to 34 points, while the assessments of many developed countries had decreased. That was not in accordance with the general trend of the world economy, characterized by increasing disparities between developing countries and developed countries.

37. As the foreign indebtedness problem continued to worsen, the Committee on Contributions had decided once again to grant debt relief to the most seriously affected developing countries. However, his delegation noted that for some countries the formula applied had not resulted in effective relief. The Committee on Contributions should therefore improve the methodology used at present to take account of foreign indebtedness, and ensure in the future that its application did not result in an additional burden for other developing countries, in particular those with low per capita income.

38. With regard to price-adjusted rates of exchange (PARE), his delegation considered that because of fluctuations in the rates of exchange and the high rise of prices in recent years, national income expressed in terms of dollars no longer reflected the economic realities of many countries. To correct such distortions, certain adjustments had been made on an experimental basis. His delegation thought, however, that the PARE methodology was not yet totally operational, and that it should therefore continue to be studied.

39. China hoped that the Committee on Contributions would try to remedy the obvious inadequacies in the current scale of assessments and propose in the future a fairer and more reasonable scale, taking account of the views expressed by Member States.

40. Mr. MLADENOVIC (Yugoslavia) said that his delegation found it difficult to understand why the financial obligations of developing countries to the Organization were increasing at a time when they were confronted with the harshest economic and social problems, while the financial obligations of most of the developed countries were decreasing. That trend in the scale of assessments seemed paradoxical, to say the least. His delegation wished to reaffirm its view that the capacity to pay should remain the basic criterion for calculating the scale of assessments, which implied that the economic situation of each country must be

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fully taken into account. For example, much more importance must be given to the foreign-indebtedness factor. In that connection, his delegation fully shared the views expressed by some members of the Committee on Contributions, as formulated in paragraphs 19 and 21 of its report. With regard to the statistical base period, Yugoslavia thought that particular emphasis should be placed on the last three years in order to reflect each country's economic and financial situation more accurately. As to the per capita income allowance formula, it was high time to review the upper limit, taking into account inflation fluctuations in the United States.

41. As the Fifth Committee had been unable to define a methodology that would make it possible to achieve a more just and equitable scale of assessments, despite the lengthy debates it had had on the question at the previous session, it would seem appropriate to entrust the Committee on Contributions or a small panel of experts with the task of analysing the current methodology and criteria, and taking into account the views expressed by delegations, of submitting proposals to the General Assembly at its forty-fourth session.

42. Although the assessed contribution for Yugoslavia in the new scale was unduly high and did not take sufficient account of foreign indebtedness, his delegation was nevertheless prepared to accept, not without some difficulty, the scale of assessments recommended by the Committee on Contributions for the period 1989-1991.

AGENDA ITEM 113: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/42/5/Add.2, vol. II; A/43/5, vol. I, II and III and Add.1-8; A/43/445 and A/43/674 and Corr.1)

43. Mr. FABY (Deputy Director, Regional Office for North America of the United Nations Environment Programme), replying to a question raised at a previous meeting by the representative of the United Kingdom regarding the number of cases in which travel advances had been granted and had not been liquidated (para. 33 of the report of the Board of Auditors), said that he was awaiting specific information on that subject from UNEP headquarters and would transmit it to the United Kingdom representatives as soon as he received it.

44. Mr. OKALI (Chief, New York Office, United Nations Centre for Human Settlements), responding to a question raised at a previous meeting by the representative of the United Kingdom regarding the problem described in paragraphs 28-35 of the report of the Board of Auditors, provided an assurance that the problem had been settled since the staff member in question was no longer in the service of the Centre. The Administration of the Centre had also indicated that it would comply strictly with the recommendations of the Board of Auditors.

45. Mr. UPTON (United Kingdom) stressed that it was very important that all organizations concerned should be represented during the Committee's consideration of audit reports, either to provide supplementary clarification requested or to refute criticisms made. It was also essential that all delegations should be

(Mr. Upton, United Kingdom)

present. His delegation believed that replies to questions raised by delegations should be communicated through the official channel, i.e. at meetings, and not in informal contacts.

46. Mr. MUDHO (Kenya) said that his delegation also believed that replies should be communicated officially at meetings so as to remove any doubt or uncertainty which might persist in the minds of representatives.

47. Mr. LADJOUZI (Algeria) also stressed the need for openness in questions and replies. Recalling that the Board of Auditors was responsible for monitoring the implementation of its recommendations and noting that there were certain contradictions between the rules and methods followed by the Board and the principles applied by the Governing Council of UNDP, he asked how the Board planned to resolve that problem which had existed for a number of years.

48. Mr. GUPTA (India) said that some reports had been published late and, as a result, his delegation had not had enough time to consider them. He asked what the reasons were for those delays.

49. Mr. CHANDERNAGOR (Chairman, Board of Auditors) said that he wished to respond to all the comments and questions which had arisen during the consideration of the audit reports of the Board of Auditors. Several representatives had suggested that the Board should be represented at meetings of the governing bodies of the various organizations. The Board welcomed that suggestion and had therefore decided that it would make representatives available to governing bodies whenever they were invited and that, generally, that representative would be the Director responsible for the audit of the organization concerned.

50. On the basis of various considerations, the Board had decided to recommend that the study on the standardization of the presentation and format of financial statements should be entrusted to a specific task force. The administrations of the organizations concerned were responsible for preparing financial statements and submitting them to the external auditors, who exercised a posteriori control. Recognizing that responsibility, in 1979 the administrations of member organizations of the Consultative Committee on Administrative Questions (financial and budgetary matters) had established a working group on the harmonization of financial statements. The organizations reporting to the Committee, which had the necessary authority and resources could establish a similar group. The Board of Auditors was prepared, acting in a consultative capacity, to provide such a group with all the requisite technical advice.

51. With regard to the presentation of the Board's reports, the Board was prepared to follow up on the suggestion of certain representatives that accounting matters should be clearly separated from management issues. Moreover, the Board would in future explicitly mention the organizations concerned in each of the entries listed in the concise summary of recommendations and findings.

(Mr. Chandernagor)

52. As to the delays in making some of the audit reports available to delegations, it should be noted that the Board's reports were formally approved at its annual regular session, in June, and were immediately forwarded to the administration concerned. Some administrations were late in replying to the Board, which caused corresponding delays in the forwarding of the final report to the Department of Conference Services.

53. Some representatives had expressed surprise that the Board's findings, particularly regarding the United Nations Postal Administration and the Economic Commission for Africa, had not resulted in a qualification of the opinion expressed by the auditors on the United Nations financial statements. Most of the Board's observations on the United Nations pertained to the area of management as opposed to compliance audit. In accounting matters, the Board issued a qualified opinion only in cases of failure to comply with proper accounting standards where the breach of compliance had a significant impact on financial statements. Findings on management, however serious, were never the basis for a qualification of the audit opinion. It was up to the Committee to draw the appropriate conclusions.

54. Regarding the Economic Commission for Africa, some representatives had wondered whether the Board of Auditors had exceeded its mandate in its observations on the multinational programming and operational centres (MULPOCs). Such observations were part of the management audit expressly provided for in article XII, regulation 12.5 of the Financial Regulations and Rules of the United Nations, which established the mandate of the Board, and in the additional terms of reference governing the audit of the United Nations, particularly paragraph 6 c.

55. As to the Board's recommendation regarding the MULPOCs, appearing in paragraph 14 of the Board's report, it was derived directly from the findings detailed in the Board's report that the financial administration of the centres was less than adequate and their operational activities were steadily declining, particularly when compared to expenditures. In that respect, he wished to stress that the criticisms made by the Board were not restricted to any specific geographic or organizational area and should not be construed to appear as such.

56. The Board, which had questioned the current practice of the United Nations, UNDP and UNFPA for recording unliquidated obligations, had been pleased to note that several delegations also felt that current practices should be brought in line with generally accepted accounting principles. Some delegations, in the light of the analysis made by the Advisory Committee in its report (A/43/674), had feared that an excessively strict application of the delivery principle could complicate the budgeting process. In that respect the Board, like the representative of Greece, felt that its findings were quite compatible with the Advisory Committee's analysis. While it was perfectly proper to earmark budgetary funds on the basis of an internal administrative decision, such earmarked funds could not be recorded as expenditures of the current financial period if the goods or services purchased had not been delivered during that period. Therefore, only the funds corresponding to goods delivered or services rendered during a financial period could be recorded as expenditures of that period.

(Mr. Chandernagor)

57. Replying to the question of the Associate Administrator of UNDP about which generally accepted accounting principles were applied by the Board, he said that those principles were embodied either in published international accounting standards or in the practice of governmental organizations where, almost always, expenditure was recorded on the basis of delivery of goods and services. That principle was also expressed in Regulation 4.3 of the United Nations Financial Regulations and Rules. The Board believed that the current practice affected the fairness of the financial statements and recommended that it be amended, but so far had never used it as a basis for qualifying the audit opinion on the financial statements of the United Nations, UNDP or UNFPA, and hoped that it would not have to do so.

58. In response to the comments made by the Associate Administrator of UNDP and the Under-Secretary-General for Administration and Management on budgetary control, expenditures exceeding the allotted amounts were actually expenditures incurred without authorization. The issuance of allotments was a method of internal financial control over the execution of the administrative budget, duly detailed in the financial regulations of the organizations concerned, and failure to comply with it was to be reported by the Board.

59. A number of speakers had referred to difficulties resulting from the lack of audit evidence for programme expenditures incurred by UNDP and UNFPA executing agencies. They had, for example, asked whether the qualification of the audit opinion was attributable to the structure of the relationships between the various organizations concerned. The problem was that the Board must receive audited statements of the amounts incorporated into the UNDP or UNFPA financial statements before it issued its own opinion. In 1987 progress had been made in that regard, and - with the co-operation of the agencies concerned - the situation would improve further.

60. A specific problem resulted from the fact that some important executing agencies were audited on a biennial basis, while UNDP and UNFPA were audited annually. However, each year executing agencies submitted a statement of the expenditures that they had incurred on their behalf to UNDP and UNFPA. Consequently, the only problem was to have such specific statements audited every year. The Board could carry out such annual audits at no additional cost, but other external auditors might not take the same position. In any case, that was an issue that should be settled by UNDP and UNFPA, on the one hand, and by the executing agencies and their external auditors, on the other hand. In that connection, it was regrettable that not all executing agencies were altogether forthcoming on the matter. For example, in the context of the Consultative Committee on Administrative Questions they had even gone so far as to indicate that they were not in favour of direct communications between the external auditors of UNDP and those of the executing agencies. Such communications were standard professional practice.

61. The Board did not share the view expressed by the Associate Administrator of UNDP that that matter was beyond the purview of UNDP. The statements submitted by

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the executing agencies were incorporated into the financial statements issued by UNDP and submitted for audit as UNDP's financial statements. The Board was mandated to issue its opinion on the entirety of such statements, not only on the part that was under the direct control of the Administration of UNDP. It was therefore UNDP's responsibility to provide the Board with appropriate audit evidence in order to enable it to form an opinion.

62. On the issue of the impact of accounting adjustments required upon the receipt of audited statements, the audited figures of some of the more important agencies related to a biennial period. Those audited figures generally did not differ significantly from the consolidated amount for the two years concerned set forth in the yearly financial statements submitted by UNDP or UNFPA. However, the Board had noted one case where an agency's audited figures for the 1984-1985 biennium had differed significantly from the figures in the UNDP financial statement.

63. In conclusion, he wished to express the Board's appreciation for the continued support of the Fifth Committee and the Advisory Committee on Administrative and Budgetary Questions.

64. Mr. VAHER (Canada), referring once again to the issue of the possible submission of two separate reports for each organization - one on standard audits and the other on value-for-money audits - asked whether since they were so complex, it might be preferable to conduct value-for-money audits on the basis of a special cycle - for example, every three years, on the understanding that standard audits would continue to be conducted on a yearly basis. The value-for-money audits, which were perhaps currently not as complete as they should be owing to lack of both time and resources, would thus become more detailed and more useful.

65. Mr. LADJOUZI (Algeria) said that the Board was not responsible for the delays in the issuance of its reports. That matter should be seen in the light of the six-week rule, which had obviously not been observed by the relevant Secretariat departments in the cases in question.

66. In view of the difficulties that had arisen with respect to UNDP's accounts, the following year the Board should devote particular attention to those accounts so that the Committee could consider them on a priority basis.

67. To return to the question of the multinational programming and operational centres (MULPOCs) the remarks made by Algeria and Tunisia had not been in any way intended as a challenge to the Board's authority to express opinions or make recommendations on the level of programme implementation by the MULPOCs. Both Algeria and Tunisia had, however, wished to express their disapproval of the aim of the recommendation on the subject (A/43/5, para. 91). It was the sole prerogative of Member States to pass judgement on the MULPOC experiment. Likewise, Algeria disagreed with the Board's recommendation on the Pan African Documentation and Information System (PADIS); whereas the Board had the authority to recommend that the level of resources should be raised, it was not for the Board to question the value of the experiment.

68. Mr. JEMAIL (Tunisia) confirmed that Tunisia's comments had concerned only the Board's recommendation that would jeopardize the MULPOCs' existence. A decision on that matter was the sole responsibility of Member States alone.

69. Mr. CHANDERNAGOR (Chairman, Board of Auditors), responding to the points raised by Canada, said that he endorsed the method suggested by Canada for conducting management audits. The Board obviously could not annually audit each agency's audit accounts while at the same time auditing both its management and the effectiveness of its actions. One way of improving management audits would be to schedule them on the basis of a special cycle - for example, every three years - for each agency.

70. Value-for-money audits gave rise to difficulties - as indicated by the quite understandable reactions to the Board's recommendations on the MULPOCs and the Pan African Documentation and Information System. In both cases the Board had in fact noted that Member States "had not had their money's worth" and had recommended a more in-depth investigation of the way in which the activities in question were carried out, so that the flaws that had become apparent could be remedied. The Board had certainly not attempted to replace United Nations organs; it had merely conducted value-for-money audits. It was now for Member States to remedy, in the light of the Board's findings, a situation that must not be allowed to continue.

71. Mr. UPTON (United Kingdom) thanked the Board for drawing attention to the anomalies that it had noticed in a number of areas, such as the way in which the MULPOCs operated. He wished to request the Board to continue to inform the Fifth Committee of cases where expenditure appeared relatively high for the corresponding level of project implementation.

The meeting rose at 1.10 p.m.