



SUMMARY RECORD OF THE 7th MEETING

Chairman: Mr. SEKYI (Ghana)

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

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The meeting was called to order at 10.30 a.m.

AGENDA ITEM 99: FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/33/5, vols. I-IV and Add.1, 2 and 4-8, A/33/171)

(a) UNITED NATIONS (continued) (A/33/5, vol. I, A/33/171, paras. 2-21)

1. Mr. PEDERSEN (Canada) said that he would like to congratulate the Board of Auditors for an excellent report, the first to incorporate important changes introduced in 1976 in the Board's approach. In particular, the move to systems-based auditing was an important step towards tightening the financial administration of the United Nations. Certainly, if financial systems themselves contained weaknesses, the correction of transactions alone would not solve all problems. Whereas his delegation therefore supported the Board's aim of examining on a continuing basis financial systems, it recognized that that did not preclude an auditing of transactions as appropriate.
2. His delegation had reviewed the examples of financial management criticized in the Board's report and understood that consultations between the Board and the Secretariat were taking place and that most of the immediate cases involved matters which could be effectively dealt with under normal procedures. His delegation therefore hoped that the Committee would concentrate its attention on efforts to remedy the financial systems which gave rise to such situations rather than on individual cases. Those examples did, however, illustrate the room for further improvement in financial control. Indeed, the Board of Auditors had indicated that the Board was of the general conclusion that the present financial systems were no longer able to cope adequately with the continuing growth, complexity and diversity of the highly decentralized operations of the United Nations.
3. Many Member States were confronted with serious economic difficulties, and it was therefore natural that the Committee should ensure the prudent expenditure of the budget for the purposes intended. In that connexion, the Board of Auditors had made two key recommendations to remedy the situation. The first was that the Controller should be in a position to provide functional leadership, guidance and central direction on all financial functions, including (a) giving guidance on, reviewing and approving all financial and financially-related systems including those in Headquarters and in offices away from Headquarters and (b) becoming directly involved in appointments, professional development and appraisals of all financial officers and persons performing significant financial duties. The second was that there should be in the Office of Financial Services, reporting to the Controller, a senior financial officer with the undivided time and appropriate skills, knowledge, responsibilities, authority, experience and staff resources to devote to developing, designing, installing and evaluating financial management and control systems.
4. His delegation strongly supported those proposals. While the Financial Regulations and Rules of the United Nations already provided the Controller with the requisite authority, the fact of the matter was that executive heads frequently

(Mr. Pedersen, Canada)

operated independently, particularly with respect to allotment, with the result that the Controller could not be sure that moneys were being spent prudently and for the purposes intended. He therefore agreed with the Board that the mandate of the Controller should be strengthened. Effective functional control of the kind proposed by the Board could only occur if all executive heads receiving money exercised financial integrity towards the Controller or, in other words, recognized his integral role in the operation and review of all financial systems.

5. With regard to the second recommendation, his delegation supported the establishment of a group to deal with the establishment and monitoring of over-all systems of financial management and control. Systems were dynamic and therefore required continuous attention. Accordingly, his delegation would urge members of the Committee to support the provision of the necessary resources which would allow the Administration to carry out those very important tasks. In line with its general policy on supplementary estimates, his delegation would prefer that at least a portion of the additional requirements should be financed by internal redeployments.

6. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) noted that, although the United Nations Secretariat had taken some action on the recommendations of the Board of Auditors, there were a number of instances where budgetary authority was unclear, allotment control was ineffective, and financial systems failed to establish and measure the accountability of managers, as was pointed out in the Board's report (A/33/5, chap. IV, para. 19). In that connexion, the financial reports submitted to the Fifth Committee did not provide enough information for the Committee to evaluate the financial and economic situation of the United Nations. For instance, if the tables included figures for the costs of overtime worked by temporary staff in each unit of the Secretariat, it would be possible to analyse those costs and determine if they were economically justified.

7. The Board of Auditors had established that the Budget Division was not exercising effective control over expenditure by Secretariat units. As a result, units continued to incur expenses even without authorization by the Division, so that the necessary control was lacking and appropriations were exceeded. That situation allowed the waste of United Nations funds and even fraud, as was clear from paragraphs 52 to 54 of the report of the Board of Auditors. The Administration and the Secretariat must take the necessary action to stop such practices. It would be assisted in doing so by the important recommendations of the Board of Auditors, with which his delegation generally agreed.

8. When the biennial programme budget had been adopted at the thirty-second session of the General Assembly, his delegation had flatly opposed the inclusion in the budget of appropriations to cover payment of interest and repayment of principal on the bonds issued by the United Nations to finance operations in the Congo and the Middle East. His delegation reaffirmed its position of principle that those expenses should not be included in the regular budget of the United Nations.

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(Mr. Palamarchuk, USSR)

9. Moreover, under Article 17 of the Charter, the regular budget was intended solely to cover administrative costs and not the costs of technical assistance, which should be financed on a voluntary basis and should be transferred from the United Nations regular budget to the UNDP budget.

10. Accordingly, his delegation would not oppose the adoption of the report of the Board of Auditors.

11. Mr. STUART (United Kingdom) said that he wished to commend the Board of Auditors for its very valuable analysis of the weaknesses of the United Nations budget preparation and execution system. His delegation supported the Board's conclusions on the importance of systems-based auditing and the necessity of providing the Office of Financial Services with additional resources to enable it to remedy the defects in the present system. His delegation agreed with the Advisory Committee's comments on the question of the resources that would have to be made available for that purpose. It also agreed with the Advisory Committee's conclusion that the present Financial Regulations of the United Nations and the Financial Rules already provided the requisite authority and guidance for carrying out the changes recommended by the Board of Auditors. Moreover, the increase in the staff of the Office of Financial Services should enable the Controller to improve the preparation of the programme budget in accordance with the guidelines laid down by the General Assembly.

12. Where budget execution was concerned, the first essential was to strengthen the authority of the Controller. His delegation was sure that, once the necessary action had been taken to that end, the financial system would function much more satisfactorily than in the past. However, it should be noted that, despite the weaknesses found by the Board of Auditors, by and large the system had not thus far functioned so badly. Accordingly, while it must be acknowledged that the shift in emphasis to systems-based auditing was a significant development, one should not overlook the fundamental value of traditional transaction-based auditing procedures, which should continue to be applied concurrently.

13. Mr. HAXTHAUSEN (Denmark) observed that Denmark, in proportion to its size, was a relatively large contributor to the United Nations budget by virtue of its sizable voluntary contributions, because it believed in the United Nations and attached the greatest importance to its work. His delegation therefore followed with particular interest all efforts that were being made to ensure that the money paid to the Organization was expended in the most efficient manner. Many persons in Denmark took a rather sceptical view as to the expediency of channelling money through a big administrative machinery and were inclined to fear that too large a portion of the sums involved was absorbed in the process of administration. It was therefore essential to be able to refute that argumentation by pointing out that a very efficient system within the United Nations made sure that money was expended with the greatest possible forethought.

14. His delegation fully understood that it was extremely difficult to run a huge organization like the United Nations, covering a wide range of activities - and, moreover, an organization undergoing rapid development. It should not, therefore,

(Mr. Haxthausen, Denmark)

be taken as criticism of the Secretariat if he stressed that strict control should be exercised in the utilization of funds. That was necessary because of the precarious financial position of the United Nations. His delegation therefore supported the efforts of the auditors to enhance the effectiveness of budgetary control, and had noted with satisfaction the genuine will of the Administration to co-operate with the auditors and follow their recommendations.

15. The recommendations of the Board of Auditors regarding reforms of the machinery for budgetary control were of the utmost importance because they should ensure more effective control as to what was actually achieved for the money expended. He had in mind especially paragraph 46 (b) of the special report of the Board in which it was recommended that the outputs of each subprogramme should be identified wherever feasible, and paragraph 61 (f) of the same report which emphasized the importance of regular analysis of variances between approved plans and actual results. The recommendation in paragraph 46 (e), to the effect that extrabudgetary revenues and expenditures should be included was equally important. In that connexion, it would be of interest to have some further details regarding the level of ambitions and, in particular, to know to what extent it was intended to exercise budgetary control. In the view of his delegation, care should be taken not to make the control so detailed and so technical that it might become an obstacle to efficient administration.

16. Mr. GARRIDO (Philippines) said he would like the Secretariat to explain whether the commitments authorized by the certifying officer appointed by the Controller were authorized within the limits of the amounts allocated or up to the amount of the resources at the Secretary-General's disposal.

17. Mr. GOSS (Australia) commended the Board of Auditors on its excellent report on the basis of which it was possible to make a useful assessment of the extent to which the funds allocated to the United Nations were utilized to good effect. His delegation attached particular importance to the recommendation of the Board of Auditors that the functions of the Controller should be strengthened so that he could exercise direction, guidance and leadership at the central level over all financial functions. It was essential to carry out an examination of the financial systems on a continuing basis so that, when it proved that those systems were not functioning in a fully satisfactory manner, the necessary adjustments could be made without having to wait for the intervention of external organizations for the control and examination of those systems. He had already had occasion to express his delegation's reservations with regard to the recommendation by the Advisory Committee concerning the establishment of a group of systems since it did not think it would be possible to provide all the resources necessary to enable the group to discharge fully the tasks which would be entrusted to it. Moreover, his delegation could in no way subscribe to the opinion of the Advisory Committee that the establishment of a new system of financial management and control might provide a definitive solution since any system of control was necessarily a continuously evolving process.

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18. Mr. PIRSON (Belgium) said that he had been very struck on reading the observations of the Board of Auditors on the accounts relating to technical co-operation activities by the great number of irregularities and anomalies which had been noted, in particular in connexion with the execution of projects in the field. In paragraph 43 of its report (A/33/5, chap. IV), the Board stated that there was a clear need for improved financial control over all technical co-operation accounts and that that should be a top priority for the Administration. The question which his delegation wished to raise in that regard was whether, if the Assembly at its current session was to approve the proposals which had been made initially by the auditors and had subsequently been taken up by the Administration and had received a certain degree of support from the Advisory Committee, particularly those concerning the creation of new posts, improvements could then be made in all accounts relating to technical co-operation activities, in other words, he wondered whether the Administration would then feel itself sufficiently strengthened to respond to the concerns expressed by the auditors.

19. Mr. WILLIAMS (Panama) commended the Board of Auditors on the work it had done during the past session. In particular, he thought that the new concept of systems auditing represented definite progress over the traditional method of transaction auditing. That new concept should considerably facilitate the work of auditing and was particularly welcome at a time when computerized systems were being developed. His delegation unreservedly supported the comments made in the report of the Board of Auditors which were the outcome of detailed discussions the conclusions of which were currently before the Committee for consideration.

20. Mr. WILSON (Chairman, Audit Operations Committee) noted with satisfaction the very wide support expressed by the members of the Committee for the new approach to audit operations which involved a shift away from transaction auditing to systems auditing. It should be explained, however, that that change in approach did not mean that the auditing of specific transactions had been abandoned. The purpose of the new approach was to determine whether the systems were well designed and whether they had all the necessary checks and balances to guarantee their efficient operation. Selected tests thus had to be carried out to confirm the validity of the initial assessment and, when transactions themselves were audited, emphasis had to be placed on areas in which weaknesses had been identified. In that way it was possible to identify specific cases illustrating the nature of the weaknesses found in the over-all system of financial management.

21. The importance of the internal audit function had also been stressed during the debate and that question was specifically mentioned in paragraph 12 (d) of the report of the Board of Auditors as one of the four particular concerns stressed by the Chairman of the Board in his remarks to the Advisory Committee the previous year. Since then, significant changes had taken place, as indicated, in particular, in paragraph 18 (d) of the report of the Board of Auditors. In that connexion, he welcomed the fact that the importance of internal auditing was recognized by the Administration. In conclusion, he wished to assure the members of the Committee that the auditors would continue to monitor the action taken by the Administration to follow up their recommendations and would report to the Committee in due course on the matter.

International Trade Centre UNCTAD/GATT (A/33/5, vol. III, A/33/171, paras. 22 and 23)

22. No comments were made on the report.

United Nations University (A/33/5, vol. IV, A/33/171, paras. 39 to 45)

23. Mr. GARRIDO (Philippines) said that he had been struck by the gravity of the observations made by the Advisory Committee and noted with concern that the University still did not have the assistance of an experienced budget officer and that, during the past four years, considerable funds had no doubt been wasted for that reason. While the United Nations was endeavouring to improve its financial control systems, measures should be taken to remedy the situation, which set a bad example. The recruitment of an experienced budget officer should have absolute priority over all other questions.

24. With regard to the use of computers, he would like to know how such activities were financed.

25. Mr. MANSON (United Nations University) admitted that the University did not in fact have a budget officer with the necessary skills and said that one of the reasons he had come to New York was to recruit a competent candidate. It had not been possible to do so earlier for financial reasons since no provision had been made for a new post for 1979. The University's financial situation was not the soundest and the creation of a post in Tokyo was expensive. Nevertheless, in view of the importance of recruiting a budget officer, a post had been obtained with effect from 1 November 1978. In any event, there were financial controls within the University and the staff members entrusted with the task had shown themselves on the whole to be fairly effective.

26. With regard to automation, he said that the priority programmes were all automated; computers were provided by the Japanese Government and only costs of data storage and research were borne by the University. Expenditures under that heading were for the most part charged to the administrative services budget. Computers had only been used for six months and two staff members were doing the work, but so far the results had not proved very satisfactory. It did not cost much money for the moment, but it would certainly involve increasingly high expenditure in the future.

27. The CHAIRMAN said he wished to point out that, despite all the difficulties, provision should have been made earlier for the post of budget officer in view of its importance; the University had thus no excuse.

(b) UNITED NATIONS DEVELOPMENT PROGRAMME (A/33/5/Add.1, A/33/171, paras. 24 to 26)

28. Mr. MAJOLI (Italy) said that he would like additional information on the Integrated Systems Improvement Project (ISIP) and on the progress made in that field. He would also like clarification concerning the use of non-convertible currencies, the value of which had amounted to \$40.1 million as of 31 December 1977.

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29. Mr. PIRSON (Belgium), noting that the surplus earnings of UNDP amounted to \$166 million for 1977, said he thought that the Board of Auditors should have submitted recommendations regarding the utilization of those funds for the benefit of third world countries. He also pointed out that the Minister for Foreign Affairs of Belgium had the day before expressed a wish that the general costs of multilateral aid programmes should be reduced to a minimum; such programmes absorbed 30 to 45 per cent of the resources, not to mention the 14 per cent allocated to executing agencies. The Board of Auditors should deal with that question, if it had not already done so, and submit suggestions. It was a matter of concern that more than 30 per cent of the resources were utilized to meet those general costs and that those were sums which could thus not be used for the benefit of the developing countries.

30. Mr. KUYAMA (Japan) noted with satisfaction that the UNDP Administrator had taken appropriate action on the matters raised in the 1976 report of the Board of Auditors. In its report for 1977, however, the Board had pointed out a number of matters which required further improvement, and his delegation shared most of the views expressed by the Board.

31. The value of accumulated non-convertible currencies had reached \$40 million by the end of 1977. It was gratifying to note, however, that, thanks to the efforts of UNDP and the donor countries, the situation with regard to non-convertible currencies was being improved.

32. The overdue contributions pledged by Governments as of the end of 1977 amounted to the still quite significant figure of \$34 million. All Governments should either pay past due amounts or should at least indicate to the UNDP Administrator that the amounts were uncollectable, so that they could be removed from the UNDP books.

33. His delegation noted that steps had been taken with regard to the problem of identifying contributions deposited by Governments, making it possible to reduce the amount of unidentified contributions from \$5.5 million at the end of 1976 to \$3 million at the end of 1977.

34. He noted that, according to the Board of Auditors, the proper value of bank accounts, recorded at a value of \$780,000 at 31 December 1977, could not be identified. His delegation strongly supported the auditors' comments to the effect that immediate steps should be taken to ensure the identification and reconciliation of items. That situation was attributable in many cases to the fact that UNDP field offices had been unable to provide bank reconciliations or sufficient information. Steps should be taken to rectify that situation.

35. A number of changes had been introduced in 1977. His delegation was particularly interested in the change in the basis for reporting programme expenditures, whereby executing agencies had been requested to include in their 1977 expenditures the value of obligations for goods and services provided for in

(Mr. Kuyama, Japan)

the project budgets for 1977 and contracted for by the end of the year. However, his delegation felt that frequent changes in accounting principle might be harmful, and he hoped that a more rational accounting principle would be introduced in the near future.

36. Noting that the UNDP Governing Council had requested the Administrator to do his best to ensure that expenditures for 1977 reached the target set for that year, he said he hoped that the Integrated Systems Improvement Project (ISIP) would help to improve the financial control systems and the quality of financial reports.

37. Mr. GARRIDO (Philippines) inquired whether the method of systems auditing was also used for UNDP and whether it enabled non-convertible currencies to be identified, since it was not clear from the UNDP accounts. He also wished to know how the non-convertible currencies were utilized.

38. The CHAIRMAN noted with concern that the report before the Committee dealt with several questions which had already been considered at the thirty-first session. The question of the reconciliation of accounts, in particular, continued to be a matter of concern. Furthermore, the accounting methods used by field offices still appeared to be very inadequate.

39. Mr. WILSON (Chairman of the Audit Operations Committee) said that the question of general costs was considered by various bodies within the system, including ad hoc working groups. He said, moreover, that systems auditing was also used for UNDP but did not enable non-convertible currencies to be differentiated from convertible currencies. The problem of non-convertible currencies was, however, the subject of a dialogue between the auditors and UNDP.

40. Mr. ZIEHL (United Nations Development Programme) said that ISIP, which had been adopted by the Governing Council in June 1978, had led to considerable progress. The consultant engaged by UNDP had submitted a very detailed report which was currently the subject of in-depth discussions in UNDP. A time-table had been drawn up for the second phase of operations, which consisted in examining that report, adopting or amending the various solutions proposed and setting priorities. Because of the importance of the report, the time-table was very full, but the second phase should be completed by January 1979.

41. Replying to a question from the representative of Italy, he said that the auditors had drawn attention to the importance of the problem of non-convertible currencies. The Governing Council had taken note of that question and measures had been taken. One country paying its contribution in non-convertible currencies had agreed to convert into other usable non-convertible currencies an amount equivalent to \$7.1 million. An amount of \$1.1 million had thus far been converted into usable non-convertible currencies and \$700,000 would be converted later. It was estimated that by 31 December 1978 the total of non-convertible currencies would amount to \$47.7 million. It was now considered to be only about \$43 million. Those figures were still unsatisfactory but tangible progress had been achieved.

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(Mr. Ziehl)

42. With regard to the net surplus of \$166 million mentioned by the representative of Belgium, he said that UNDP sought above all to avoid a new financial crisis such as the one it had experienced in 1975. That was why the rate of programme implementation had not reached the desired level. As to the question of general costs, discussions were in progress between UNDP and the executing agencies and the matter was receiving priority attention.

43. Replying to the representative of Japan, he said that progress had been achieved in respect of the overdue contributions pledged by Governments, which had been reduced from \$34.1 million at the end of 1977 to \$21.7 million by August 1978. Unidentified contributions, which had totalled \$2.9 million at the end of 1977, now amounted to only \$1.4 million (of which \$340,000 was truly unidentified). Thus, progress had also been achieved in that field.

44. With regard to the reconciliation of UNDP bank accounts, verified sums amounting to \$340,000 had not yet been identified by the end of 1977, because of the difficulty of obtaining adequate information. Since then, the situation had been considered by UNDP and the United Nations, and that amount had been reduced. With effect from 31 March 1979, the work of reconciliation would be carried out by UNDP alone and no longer by both UNDP and the United Nations. Although it could not be expected that all the sums would be identified before the preparation of the next report, the question would be given due attention.

45. Commenting on the change in the system of cost accounting followed by UNDP, he said that under the former system it had not been possible to obtain sufficient information from certain organizations; however, over-frequent changes in accounting methods would undoubtedly have harmful effects. In conclusion, he said that the Governing Council of UNDP had requested the auditors to prepare a model for cost accounting to be used by all the organizations. Such a measure was likely to be useful.

(c) UNITED NATIONS CHILDREN'S FUND (A/33/5/Add.2, part I, A/33/171, para. 27)

46. Mr. GARRIDO (Philippines) said he hoped that the European Office of UNICEF could continue to occupy premises free of charge at the Palais des Nations at Geneva, since it was a subsidiary organ of the General Assembly.

(e) UNITED NATIONS INSTITUTE FOR TRAINING AND RESEARCH (A/33/5/Add.4, A/33/171, para. 28)

(f) VOLUNTARY FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (A/33/5/Add.5, A/33/171, paras. 29 to 31)

47. There were no comments on those reports.

(g) FUND OF THE UNITED NATIONS ENVIRONMENT PROGRAMME (A/33/5/Add.6, A/33/171, paras. 32 to 37)

48. Mr. GARRIDO (Philippines) asked why the actual performance of UNEP was still below the level of activity provided for in the budget.

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49. Mr. BROWN (United Nations Environment Programme) replied that UNEP was doing its utmost to rectify that situation. However, he pointed out that, under the guidelines laid down by the Governing Council of UNEP, programmes had to be implemented within the limit of available resources, but sufficient liquidity must be retained from one year to another.

(h) UNITED NATIONS FUND FOR POPULATION ACTIVITIES (A/33/5/Add.7, A/33/171, para. 38)

(i) UNITED NATIONS HABITAT AND HUMAN SETTLEMENTS FOUNDATION (A/33/5/Add.8, A/33/171, para. 46)

50. There were no comments on those reports.

AGENDA ITEM 100: PROGRAMME BUDGET FOR THE BIENNIUM 1978-1979 (continued)

Revised estimates under section 22B, 1, Office of Financial Services (continued)

51. Mr. GREEN (New Zealand) pointed out that an additional appropriation for consultancy services to strengthen the Office of Financial Services would run counter to General Assembly resolution 32/209, of which his country had been a sponsor. However, he acknowledged the force of the arguments put forward by the Board of Auditors in support of its recommendations and he noted that ACABQ supported the Secretary-General's proposals and specifically believed that the assistance of outside consultants might be required to prepare the financial manual. Since his delegation believed that such a manual would be a most useful aid to better financial management and control and that there was a need for closer supervision of the use of experts and consultants, it would not oppose an additional appropriation for consultancy services in that instance, notwithstanding its strong support for General Assembly resolution 32/209.

52. Mr. SADDLER (United States of America) supported the Secretary-General's proposals regarding the establishment of additional posts and the use of consultancy services, as modified by the recommendations of the Advisory Committee. In his view, the creation of additional posts in order to improve financial management and control would eventually result in a reduction of expenditures, since the efficiency of the Office of Financial Services would be enhanced. In supporting the creation of new posts, he was acting in accordance with his country's policy, which was that there should be no net growth in programmes during the coming biennium. He expressed the hope that the Board of Auditors would be able to follow the progress made with regard to management and submit observations on that question, and that it would indicate the savings which might be achieved by the creation of new posts in the Office of Financial Services. He suggested that a report on that question should be submitted to the General Assembly at its thirty-fourth session.

53. Mr. EL-HOUDERI (Libyan Arab Jamahiriya) said that the additional expenditures entailed in strengthening the Office of Financial Services were warranted. He supported the recommendation of the Board of Auditors that additional posts should be created in order to improve financial management and control, and he asked that

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(Mr. El-Houderi, Libyan
Arab Jamahiriya)

appropriate measures should be taken to enable the Secretary-General to implement those recommendations. Furthermore, he supported the recommendation of the Advisory Committee that additional provision should be made for consultancy services (A/33/7/Add.1, para. 10), a recommendation which seemed to be in accordance with General Assembly resolution 32/209.

54. Mr. KEMAL (Pakistan) recalled that his delegation had expressed its support for the recommendation calling for the strengthening of the Office of Financial Services by, inter alia, recruiting a senior financial officer, reporting to the Controller, with the undivided time and appropriate skills, knowledge, responsibilities, authority, experience and staff resources to devote to developing, designing, installing and evaluating financial management and control systems. However, until the Controller was able to assess the results and to report to the Fifth Committee through the Advisory Committee at the following session, the staff resources recommended by the Advisory Committee ought to be sufficient. He expressed concern that the functions that the proposed senior financial officer was to perform were precisely those that the Controller ought to perform and which, because of his extremely heavy workload, he was not able to carry out. In that event, the officer would not have the undivided time to devote to the tasks which the Board of Auditors had envisaged. He shared the view of the Controller that running a control system properly required permanent attention, and he expressed the hope that the Controller would adhere to the wishes of the Committee if it decided to vote the resources that had been recommended by the Advisory Committee.

55. With regard to the question of vacant posts, he said that priority should be given to filling the post of Director of the Budget Division which was still vacant. That would be an excellent way of strengthening the Office of Financial Services, since it was an extremely important post which constituted, so to speak, the counterpart to the proposed post of senior financial officer.

56. With regard to the development of a financial manual, he felt that, as an exceptional measure, the Committee might depart from the provisions of General Assembly resolution 32/209. He supported the recommendations of the Advisory Committee (A/33/7/Add.1, para. 10).

57. Mr. MAJOLI (Italy) said that, although he was generally in favour of strengthening the Office of Financial Services, he was not very satisfied with the way in which it was proposed to carry out that strengthening. While recognizing that the Controller had to cope with an increasingly heavy workload, he was concerned to note that the proposal of the Board of Auditors in fact amounted to establishing a new unit, whereas it was the Committee's responsibility to prevent the proliferation of units. He was afraid that there might be some duplication between the functions of the proposed senior financial officer and those of the Controller. Nevertheless, the recommendation of the Advisory Committee was sound and pertinent, and he was prepared to approve it, on the understanding that it was an exceptional measure, and on the condition that the duties devolving upon the new officer fell strictly within the framework of the activities of the Office of Financial Services.

58. Mr. PALAMARCHUK (Union of Soviet Socialist Republics), turning first of all to the question of the strengthening of the Office of Financial Services, said that less than a year had passed since the adoption of the budget and already additional appropriations were being requested in order to strengthen the Secretariat. Such a request seemed neither reasonable nor justified, since there were a number of vacant posts and the existing staff seemed more than adequate. In view of the situation, his delegation was unable to support a proposal calling for additional appropriations. That was a position of principle and, in the opinion of his delegation, any overspending should be financed through a reallocation of existing appropriations and by improving the methods of work of the Secretariat.
59. With regard to the recommendation that additional provision should be made for consultancy services he recalled that, in resolution 32/209, the General Assembly had requested the Secretary-General to ensure that no supplementary estimates were presented for expenditure on experts and consultants during the biennium 1978-1979. By adopting the Secretary-General's proposal, the Fifth Committee would thus be acting contrary to its own decision. It was a matter of conscience and, given the situation, he was firmly opposed to the granting of supplementary appropriations for the financing of consultancy services.
60. Mr. DEBATIN (Assistant Secretary-General for Financial Services, Controller) recalled that the question under consideration had been brought to the attention of the Fifth Committee at the previous session, but that the Committee had not had time to take it up. It therefore seemed justified that it should be considered again at the current session. He shared the concern expressed by a number of representatives with regard to the increase in the number of staff and agreed that new posts should be established only when absolutely necessary. In that connexion, he assured the members of the Fifth Committee that, in the case under consideration, it was not simply a question of recruiting additional staff, but of establishing a new function which would consist in setting up a system for the control of financial activities throughout the world. That was the only way of institutionalizing and exercising proper financial control.
61. With regard to vacant posts, he also assured the Committee that efforts would be made, as far as possible, to fill them by a redistribution of staff. However, with regard to the recruitment of a senior financial officer, a candidate must be found with the highest qualifications, which could take time.
62. In conclusion, he noted that it was absolutely essential to prepare a financial manual and, in order to do so, it was necessary to call on the services of experts who could give their undivided attention to that task.
63. The CHAIRMAN suggested that the Committee should approve, in first reading, an amount of \$155,000 under section 22 and an amount of \$29,400 under section 25 (Staff Assessment), to be offset by an increase in revenue in the same amount under income section 1.
64. It was so decided.

65. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) expressed surprise that the Committee should have acted so hastily on an important question which gave rise to very serious objections. In his view, the reasons given to justify the granting of additional appropriations were questionable and contradictory, and the Committee had not given sufficient consideration to the matter.

66. Mr. ABRASZEWSKI (Poland) shared the view expressed by delegations which had pointed out that, by approving additional appropriations for consultancy services, the Fifth Committee would be acting contrary to the provisions of General Assembly resolution 32/209.

The meeting rose at 1.20 p.m.