



UNITED NATIONS RELIEF AND WORKS AGENCY
FOR PALESTINE REFUGEES IN THE NEAR EAST

ACCOUNTS
for the year ended 31 December 1975
and
REPORT OF THE BOARD OF AUDITORS

Corrigendum

1. Chapters I and III should be combined and replaced by the attached text.
2. Chapter IV should therefore be renumbered chapter III.

I. REPORT OF THE BOARD OF AUDITORS AND AUDIT OPINION

1. In accordance with General Assembly resolutions and the Financial Regulations of the United Nations and those of UNRWA, the Board examined the accounts of UNRWA for the year ended 31 December 1975 as represented by statements I, II, III and IV and the relevant supporting schedules and notes to these statements which form an integral part of them.

Scope of the Audit

2. The Board's examination has been performed in accordance with article XII of the Financial Regulations of the United Nations and its annex in so far as they relate to the external audit functions.

Limitation to scope of examination

3. In 1975, owing to the escalating civil disturbances in Lebanon, the agency's operations were seriously disrupted in both the field office and headquarters located in Beirut. A decision was taken by management to move the headquarters operations out of Lebanon in order to carry on its functions. Since it was not possible to find suitable accommodations for the entire headquarters staff of over 400 in Amman, it was necessary to split the operations with Administration and Finance moving to Vienna in January 1976 and other departments moving to Amman over a three-month period in early 1976.

4. Prior to moving the finance and administrative functions to Vienna, the personnel involved were able to operate only sporadically in the latter period of 1975. The Data Processing Division, which maintains the books of accounts, is part of this group. By obtaining part-time services of a computer in Vienna, operating the Agency's computer in Beirut when possible with personnel that remained behind and processing only payroll and other essential information for 1976, the agency managed to finalize the 1975 accounts in July 1976.

5. Our examination was restricted because we were not able to visit Lebanon or obtain proper documentation to verify the accuracy or validity of approximately \$20 million of recorded expenditures estimated by management to have been incurred by the Lebanon Field Office in 1975.

6. Nothing came to our attention to indicate that the financial transactions for field operations outside Lebanon had not been properly recorded. However, taking into account our inability to verify the estimated expenditures in Lebanon, we can only state that:

(a) The financial transactions for operations outside Lebanon have been properly recorded but statements I and II may not properly reflect the total transactions for the year, and

(b) Statements III and IV present fairly the financial position of the Agency at 31 December 1975 except for the effect of any adjustments which might have been required had we been able to verify the estimated expenditures in Lebanon.

7. In addition, the balance sheet at 31 December 1975 includes \$2.5 million of assets, mostly inventory items, of the Lebanon Field Office, as well as accounts payable of \$1.4 million which could not be verified.

8. Furthermore, we have not received independent bank confirmations of the bank balances in Lebanon which are recorded at an overdraft value of approximately \$250,000.

9. Even though, in accordance with the Agency's practice, the full acquisition cost of land, buildings and equipment is charged to expenditures in the year of purchase or construction, there remained on memorandum accounts at 31 December 1975 approximately \$36.5 million of fixed assets at original cost value. Included therein is \$4.5 million of the Lebanon Field Office assets and an undetermined amount of headquarters assets left behind.

Acknowledgement

10. The Board of Auditors records its appreciation for the co-operation and assistance extended by the Commissioner-General of UNRWA, his officers and members of his staff.

AUDIT OPINION

11. We have examined the following appended financial statements, numbered I to IV, properly identified and relevant schedules of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 31 December 1975. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances, except for the restriction of scope referred to in paragraph 5 of our report.

12. As a result of our examination, we are of the opinion that the financial statements properly reflect the recorded financial transactions for the year, which transactions were in accordance with the Financial Regulations and legislative authority and subject to the observations contained in paragraphs 5 and 6 in our report relating to Statements I, II, III and IV, respectively, present fairly the financial position as at 31 December 1975.

(Signed) J. J. MACDONELL
Auditor General of Canada

(Signed) A. MARTINEZ ZULETA
Controller General of Colombia

(Signed) A. OSEI
Auditor General of Ghana

7 October 1976