



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

**ACCOUNTS
for the financial year ended 30 June 1954
and
Report of the Board of Auditors**

**GENERAL ASSEMBLY
OFFICIAL RECORDS : NINTH SESSION
SUPPLEMENT No. 6 B (A/2760)**

NEW YORK, 1954

(21 p.)

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

**Accounts for the financial year ended 30 June 1953
and report of the Board of Auditors**

LETTER OF TRANSMITTAL

13 October 1954

Sir,

An examination has been made of the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 30 June 1954.

The financial statements presented for audit by the Director of the Agency have been examined and certified.

On behalf of the Board of Auditors of the United Nations, I have the honour to transmit for presentation to the General Assembly the financial statements and audit report thereon.

Respectfully,

(Signed) Watson SELLAR
On behalf of the Board of Auditors

The Secretary-General of the United Nations,
New York

NOTE BY THE SECRETARY-GENERAL

1. The financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 30 June 1954, together with the report of the Board of Auditors thereon, are presented herewith pursuant to the provisions of resolution 302 (IV) adopted by the General Assembly on 8 December 1949. In paragraph 21 of that resolution, the General Assembly:

“Requests the Director to submit to the General Assembly of the United Nations an annual report on the work of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, including an audit of funds . . .”

2. The financial statements and the report of the Board of Auditors have been submitted to the Advisory Committee on Administrative and Budgetary Questions for consideration and report to the General Assembly. A report on financial operations is included in the annual report of the Director to the General Assembly in document A/2717.¹

¹ See *Official Records of the General Assembly, Ninth Session, Supplement No. 17*.

FINANCIAL STATEMENTS

Notes to the statements for the financial year ended 30 June 1954

STATEMENT OF ASSETS AND LIABILITIES

Note 1. Cash funds of the Agency, other than US dollars, have been reflected in US dollars at official rates of exchange where exchange restrictions exist, otherwise at free market rates prevailing on 30 June 1954. Other assets and all liabilities based on non-US dollar currencies have been reflected in US dollars at fixed rates employed by the Agency throughout the year. These rates are the same as official currency exchange rates where such exchange rates exist; the remainder are rates chosen by the Agency as approximating the average free market rates for related currencies for the period under review.

Note 2. Cash in banks includes fixed (time) deposits of \$3,000,000 with the Chase National Bank of the City of New York subject to a first lien in favour of that bank in security for an open letter of credit of the same amount opened by the bank in favour of the United Nations Children's Fund as a source of additional funds for UNICEF if required by that organization in its activities as procurement agent for UNRWA. To date, no funds have been drawn by UNICEF against this letter of credit. Cash in banks also includes \$3,754 (representing 1,305 Egyptian pounds) constituting 50 per cent of a joint account with the District Administration of Gaza which is subject to withdrawal only upon the joint agreement of UNRWA and the District Administration.

Note 3. Supply inventories are valued at cost or estimated cost; equipment inventories are valued at cost or at cost less depreciation as appropriate.

Note 4. The major equipment inventory appearing on the statement of assets and liabilities comprises: (a) equipment of various types purchased but not yet issued for use; and (b) equipment purchased for projects, the cost of which is applicable to several projects over a period of more than one fiscal year.

Note 5. The following assets of the Agency are not reflected in the statement of assets and liabilities. The disbursements for these assets and any subsequent recoveries have been treated as expenditure and miscellaneous operating income (or as credits to expenditure in certain cases of loan recoveries and of the Ghor Nimrin tent factory) respectively in the current financial statements or in the statements of prior periods:

(a) Loans to refugees totalling \$306,193, of which approximately \$158,163 is believed to be uncollectable;

(b) Capital stock of the Jordan Development Bank, Ltd., at a cost of \$700,000;

(c) Net investment in Ghor Nimrin tent factory, \$160,376;

(d) Major equipment in use, currently valued at \$564,200 (cost less depreciation);

(e) Structures and buildings (principally refugee shelters and distribution centres) currently valued at \$1,342,132 (cost less depreciation).

Note 6. In addition to the liabilities appearing in the statement of assets and liabilities the Agency had contingent liabilities (consisting primarily of commitments on purchase orders issued for goods and services not yet received) at 30 June 1954 of \$2,248,177, including \$1,414,958 entered into by procurement agents (principally UNICEF). In addition, the Agency was contingently liable as a guarantor of \$9,800 of loans made by banks to refugees.

Note 7. Deferred income consists of contributions in cash received during the fiscal year under review but applicable to pledges for the 1954-1955 fiscal year.

Note 8. Details of the adjustments to the working capital fund applicable to the previous fiscal year are as follows:

	\$	\$
Inventories overstated (net) at 30 June 1953.		170,199
Loss on old claim recovered during current fiscal year		55
		170,254
<i>Less:</i>		
Liabilities overstated (net) at 30 June 1953..	11,312	
Over-payments in previous years recovered during current fiscal year.....	736	
Understatement of cash assets at 30 June 1953	942	12,990
		157,264

STATEMENT OF INCOME AND EXPENDITURE

Note 9. The statement of income and expenditure reflects only income to UNRWA, as distinguished from contributions made direct to the refugees and detailed in statements III and IV. To be income to UNRWA, a contribution must be subject to direct and complete control by UNRWA and must, in addition, be of a type which UNRWA can use in its programme. All other contributions are classified as "Contributions direct to the refugees", whether or not handled by UNRWA.

Note 10. Contributions (and pledges) in cash to UNRWA from countries where exchange restrictions are in force have been reflected in US dollars at official rates of exchange prevailing at the time of receipt. Other cash contributions have been reflected in US dollars at rates fixed by UNRWA approximating average free market rates for such currencies.

Note 11. Contributions (and pledges) in kind to UNRWA have been shown at the values indicated by the contributors, if known, otherwise at values considered by the Agency as appropriate.

Note 12. The net adjustment (loss) on exchange resulted from losses incurred in converting non-dollar currencies to local (mission area) currencies and from the Agency practice of reflecting contributions and expenditures in Lebanese and Syrian pounds in US dollars at fixed rates approximating the average free market rates for these currencies.

Note 13. The statement of income and expenditure (and the supporting schedules of budget and expenditure) reflects certain changes in expenditure classification from the fiscal year 1952-1953 as follows:

(a) Primary and secondary education costs have been transferred from relief to rehabilitation.

(b) All costs of transport within the UNRWA area have been classified under a separate heading and charged entirely to the relief programme, where previously some attempt had been made to allocate a portion of such costs by function with the balance remaining under "Common services—supply and transport".

(c) Supplementary feeding costs, previously charged partly to "Health care" and partly to "Social welfare", have been consolidated with milk distribution under a new relief function entitled "Milk and supplementary feeding".

(d) Registration and investigation costs, previously classified under "Common services", have been consolidated with "Basic subsistence" and charged entirely to relief.

(e) Port and related costs, previously charged entirely to "Basic subsistence", have been charged to "Warehousing and handling".

(f) Certain minor field office administrative costs, previously classified as "Common services" have been charged to "Relief administration".

(g) "Common services" costs, previously allocated 60 per cent to relief and 40 per cent to rehabilitation, have been allocated 50 per cent to each programme in view of the changes noted above, which leave under this heading only general administration and procurement costs.

These changes in classification have largely been necessitated by organizational or administrative changes and have been instituted to improve the classification system as a reflection of the Agency's activities. Concomitant changes have necessarily, of course, been made in the detailed budget in order to permit accurate comparison of budgeted with actual expenditure.

Note 14. The relief programme budget and expenditure figures appearing in the financial statements and supporting schedules are based upon the Agency's gross requirements on an accrual basis (modified to the extent that buildings and structures and major equipment put into use have been charged to expenditure in the year of acquisition—see note 5 above). However, the Agency's relief "budget" of \$24,800,000 approved by the United Nations General Assembly in its resolution 720 (VIII) represented only the amount of new cash requested by the Agency to finance its operations in 1953-1954, and hence did not include estimated expenditures expected to arise from reductions in inventory or other working capital assets or from contributions in kind. The following table (top of next column) is, therefore, necessary to compare and reconcile the accrual budget and expenditure figures shown on the schedules to the financial statements with the new cash figures approved by the General Assembly.

Note 15. No budget as such was considered by the General Assembly for the rehabilitation programme, since the fiscal year 1953-1954 represented only a continuation under the \$200-million programme approved by the General Assembly in its resolution 513 (VI). Consequently, the budget figures for rehabilitation shown in the schedules to the financial statements are only that portion of the \$200-million over-all programme

New cash requested

	\$
Budgeted expenditure (accrual basis).....	27,253,213
<i>Less:</i>	
(a) Expected reduction in working capital	
(1) Decrease in inventories	899,058
(2) Decrease in cash balances.....	1,068,962
(b) Expected contributions in kind.....	486,320
New cash requested (and approved).....	<u>24,798,873</u>

New cash actually required

	\$
Expenditure per statements.....	23,857,147
Increase in inventories ^a	498,850
	<u>24,355,997</u>
<i>Less:</i>	
Contributions in kind received.....	475,249
New cash actually required.....	<u>23,880,748</u>

^a Estimated—exact allocation of inventories between relief and rehabilitation not possible.

specifically budgeted by the Agency for 1953-1954 for activities actually carried out.

Note 16. Losses on assets of the types mentioned in note 5 above have not been included in the statements of income and expenditure because the assets themselves have already been charged to expenditure, largely in prior periods. Such losses totalled \$1,240 approximately. Similarly, losses incurred on certain minor quantities of supplies donated in kind to UNRWA, but not included in UNRWA's statement of income as they are types not utilizable by UNRWA in its own programme (see note 9 above), have also been excluded from the statements of expenditure. Losses of this category totalled \$1,620 approximately.

Memorandum statements

Note 17. In addition to the activities of UNRWA, certain contributions were made to the Palestine refugee programme by Governments, voluntary agencies, UNICEF and others in the form of direct aid to the refugees (including minor quantities of supplies contributed to UNRWA but not utilizable by UNRWA in its own programme and consequently generally passed on to the refugees through voluntary agencies). These contributions have not been recognized in the financial statements of UNRWA. For informational purposes, however, they have been shown in memorandum form in statements III and IV and are recapitulated in the following summary designed to reflect the total of all known contributions to the Palestine refugee programme during the period under review:

Contributions to UNRWA (statement II)			
		\$	\$
In cash		22,669,598	
In kind		475,249	23,144,847
<hr/>			
Contributions direct to the refugees:			
By Governments (statement III)....		799,408	
By others (statement IV).....		2,242,128	3,041,536
<hr/>			
Total contributions to Palestine refugee programme			<u>26,186,383</u>

Note 18. All contributions direct to the refugees are listed only to the extent reported by the contributors and (except for clothing) are shown at the contributors' valuations. Clothing has been valued at the rates used by the customs authorities of Lebanon.

Assets and liabilities
As of 30 June 1954
(expressed in US dollars)

	ASSETS		<i>As of</i>
	<i>As of 30 June 1954</i>		<i>30 June</i>
	\$	\$	1953
			\$
Cash			
Cash in banks and on hand	33,813,627		
Letters of credit outstanding	50,470		
Funds in hands of agents	2,133,030	35,997,127	41,145,210
Accounts receivable			
Claims for refund or damages	427,953		
Others	66,516	494,469	377,036
Advances to vendors		87,448	648,815
Inventories (including supplies and equipment in transit \$896,970)			
Supplies	4,791,760		
Major equipment	179,781	4,971,541	4,494,916
Prepaid expenses		42,325	7,722
TOTAL		41,592,910	46,673,699
			<u>46,673,699</u>
	LIABILITIES AND WORKING CAPITAL		
Liabilities			
Accounts payable	698,974		
Funds held on behalf of others	9,848	708,822	614,258
Deferred income		10,000	95,000
Reserve for liquidation		1,325,000	625,000
Working capital			
Balance at 30 June 1953	45,339,441		
Deduct subsequent adjustment applicable to previous fiscal years	157,264		
Deduct excess of expenditure over income for the fiscal year ended 30 June 1954 (statement I)	5,633,089		
Balance at 30 June 1954		39,549,088	45,339,441
TOTAL		41,592,910	46,673,699
			<u>46,673,699</u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Certified correct
(Signed) Elmer E. FEISTEL, Jr.
 Comptroller

Approved
(Signed) Henry R. LABOUISSE
 Director

Signed to identify statement with certificate
 given in audit report dated 13 October 1954

(Signed) Watson SELLAR, Canada,
 On behalf of the Board of Auditors

Income and expenditure

For the financial year ended 30 June 1954

(expressed in US dollars)

	<i>In cash</i>	<i>In kind</i>	<i>Total</i>
	\$	\$	\$
<i>Income</i>			
Contributions from Governments (schedule A).....	22,591,704	3,219,583	22,983,899
Contributions from others (schedule B).....	77,894	83,054	160,948
TOTAL CONTRIBUTIONS	<u>22,669,598</u>	<u>475,249</u>	23,144,847
Miscellaneous operating income.....			518,892
Less exchange adjustments.....			23,663,739
TOTAL INCOME			<u>104,816</u>
			23,558,923
<i>Expenditure</i>			
Relief programme (schedule C)			
Basic subsistence and registration.....	14,853,378		
Milk and supplementary feeding.....	1,463,362		
Shelter and camp maintenance.....	1,625,573		
Health care.....	1,975,691		
Social welfare.....	449,580		
Transport within UNRWA area.....	1,819,629		
Warehousing and handling.....	597,081		
Administration.....	392,571		
Share of common services.....	680,282		
TOTAL RELIEF PROGRAMME		23,857,147	
Rehabilitation programme (schedule D)			
Education.....	2,514,502		
Projects.....	1,619,935		
Special activities.....	92,900		
Administration.....	427,247		
Share of common services.....	680,281		
TOTAL REHABILITATION PROGRAMME		<u>5,334,865</u>	
TOTAL EXPENDITURE			29,192,012
EXCESS OF EXPENDITURE OVER INCOME			<u>5,633,089</u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Certified correct
(Signed) Elmer E. FEISTEL, Jr.
Comptroller

Approved
(Signed) Henry R. LABOUISSE
Director

Signed to identify statement with certificate
given in audit report dated 13 October 1954

(Signed) Watson SELLAR, Canada,
On behalf of the Board of Auditors

Contributions from Governments to UNRWA

For the year ended 30 June 1954
(expressed in US dollars)

Name of contributor	Description	Pledge			Contribution paid		Balance of unpaid pledge \$
		Unpaid from 1951-1952	Unpaid from 1952-1953	For 1953-1954	In cash	In kind	
		\$	\$	\$	\$	\$	
Australia.....	50,000 Australian pounds	-	-	112,500	112,500	-	
Austria.....	US dollars	-	-	700	700	-	
Belgium.....	1,500,000 Belgian francs	-	30,000	-	30,000	-	
Brazil.....	US dollars	-	25,000	-	-	25,000	
Burma.....	Rice	-	-	2,000	-	-	
Cambodia.....	US dollars	-	-	2,000	2,000	-	
Canada.....	500,000 Canadian dollars	-	-	515,000	515,000	-	
Denmark.....	300,000 Danish kroner	-	-	43,478	-	43,478	
Egypt.....	Transport, rents, port charges and subsidies to hospitals	-	-	219,858	-	-	
El Salvador.....	US dollars	-	500	-	500	-	
France.....	1,060 million French francs	-	1,692,855 ^a	1,335,714	1,457,143	1,571,426	
	Rent of camp sites and warehouse	-	-	28,647	-	28,647	
Greece.....	Currants	-	21,000	2,730	-	2,730	
Haiti.....	US dollars	-	2,000	2,000	2,000	2,000	
India.....	Vegetable ghee	-	104,000	-	-	104,000	
Indonesia.....	US dollars	-	-	60,000	60,000	-	
Iran.....	10 tons of rice	-	5,138	-	-	5,138	
Israel.....	Israeli pounds equivalent to 50,000 US dollars	50,000	-	-	-	50,000	
Japan.....	US dollars	-	-	10,000	10,000	-	
Jordan.....	95,000 Jordan dinars	-	98,000	168,000	-	266,000	
Korea.....	US dollars	-	-	2,000	-	2,000	
Lebanon.....	Refund of port charges to 30 June 1951	33,375	-	-	-	33,375	
	US dollars	33,000	33,000	-	-	66,000	
	Rent of camp sites	-	-	13,689	-	-	
Luxembourg.....	US dollars	-	1,000	2,000	3,000	-	
Mexico (due from UNKRA).....	Tents and relief supplies	-	-	-	-	40,118	
Monaco.....	100,000 French francs	-	-	286	-	-	
Netherlands.....	95,000 guilders	-	25,000	-	286	-	
New Zealand.....	50,000 sterling pounds	-	-	140,000	25,000	-	
Norway.....	300,000 Norwegian kroner	-	-	42,000	140,000	-	
Pakistan.....	400,000 Pakistani rupees	-	90,453	30,151	82,764	37,840*	
Saudi Arabia.....	Kerosene	-	75,000	-	-	75,000	
	US dollars	-	-	40,000	40,000	-	
Sweden.....	School equipment, etc.	-	13,212	-	-	-	
	300,000 Swedish kroner	-	-	57,915	-	-	
		231,975	2,216,158	2,830,668	2,580,808	373,888	
	Carried forward					2,324,105	

Schedule A (continued)

Contributions from Governments to UNRWA
(continued)

Name of contributor	Description	Pledge		For 1953-1954	Contribution paid		Balance forward
		Unpaid from 1951-1952	Unpaid from 1952-1953		In cash	In kind	
		\$	\$	\$	\$	\$	\$
Switzerland.....	Hospital equipment	231,975	2,216,158	2,830,668	2,580,808	373,888	2,324,105
Syria.....	Refund of port charges	17,916	—	58,411	—	—	58,411
	Rents, portage, guards, transport, electricity and water	—	—	10,896	10,896 ^b	—	17,916 ^c
United Kingdom.....	3,500,000 pounds sterling	—	—	18,307	—	18,307	—
	1,785,714 pounds sterling	—	9,800,160	—	—	—	9,800,160 ^d
United States of America....	US dollars	—	30,943,055	5,000,000	5,000,000	—	—
	US dollars	—	—	—	—	—	30,943,055 ^d
Uruguay.....	US dollars	—	5,000	15,000,000	15,000,000	—	—
Yugoslavia.....	Timber	—	40,000	40,000	—	—	5,000
		—	—	—	—	—	80,000
	TOTALS	249,891	43,004,373	22,958,282	22,591,704	392,195	43,228,647
			43,254,264				

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

^a This balance relates to the 1952-1953 pledge.
^b For the period January 1953 through February 1954.
^c Up to 30 June 1951.
^d Reserved for the rehabilitation programme.

Schedule B

Contributions from others to UNRWA

For the year ended 30 June 1954

(expressed in US dollars)

Name of contributor	Description	Contribution	
		In cash \$	In kind \$
Abu Malluh Hamed Mutwali.....	Rent of school		536
American Middle East Relief.....	Medical supplies		17,959
Church World Services.....	Milk		15,400
Gaza and Khan Yunis Municipalities.....	Water		17,626
Heirs of Said Pasha Shatila.....	Rent of camps		554
Lebanese Red Cross.....	Medical supplies		623
Minemneh Bohsali.....	Rent of camp sites		894
Near East Christian Council Committee.....	Milk and rent of hospitals		14,706
Pontifical Mission.....	Medical services		1,848
Sheikh Ali Abu Middein and Partners.....	Rent of a clinic and school		1,814
Sheikh Freih Mussader.....	Rent of a clinic and school		1,538
Syrian Lebanese Mission.....	Rent of camp sites		5,538
Tyre Municipality.....	Water and rent of camp sites		769
United Nations Educational, Scientific and Cultural Organization.....	US dollars	35,000	-
Ureiban Mohamad Jaber.....	Rent of school		536
World Health Organization.....	US dollars	42,857	-
Sundry donors of under \$500 each.....	Miscellaneous	37	2,713
	TOTAL	77,894	83,054

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Budget and expenditure for the relief programme

For the financial year ended 30 June 1957

(expressed in U.S. dollars)

	<i>Budget</i>	<i>Expenditure</i>
	\$	\$
Basic subsistence and registration		
International staff salaries and allowances.....	24,938	26,851
Area staff salaries and allowances.....	505,276	495,131
Related international staff costs (recruitment and termination costs, home leave, etc.).....	4,256	3,760
Related area staff costs (termination costs, etc.).....	—	50,670
Food supplies.....	15,416,131	13,914,503
Blankets.....	396,289	269,750
Domestic fuel and soap.....	469,659	326,408
Other supplies.....	9,275	9,891
Rental and maintenance of physical facilities.....	38,682	44,982
Travel.....	10,985	8,360
Professional services.....	6,058	3,442
Repairs to equipment.....	690	300
Miscellaneous services.....	—	1,030
Capital acquisitions.....	51,308	11,332
Losses of supplies.....	—	42,799
Ration used in other activities.....	(453,000)	(355,831)
	<u>16,480,547</u>	<u>14,853,378</u>
Milk and supplementary feeding		
Area staff salaries and allowances.....	188,331	223,781
Related area staff costs.....	—	35,004
Milk.....	742,592	605,463
Other foods.....	524,958	483,682
Other supplies.....	30,537	37,529
Rental and maintenance of physical facilities.....	37,383	37,955
Travel.....	253	33
Repairs to equipment.....	—	778
Miscellaneous services.....	—	3
Welfare grants and subsidies.....	2,184	9,412
Capital acquisitions.....	28,055	25,994
Losses of supplies.....	—	3,728
	<u>1,554,293</u>	<u>1,463,362</u>
Shelter and camp maintenance		
International staff salaries and allowances.....	8,600	9,125
Area staff salaries and allowances.....	367,893	362,275
Related international staff costs.....	3,916	1,103
Related area staff costs.....	—	51,716
Shelter (huts and tents).....	765,910	617,849
Sanitation supplies.....	10,250	3,945
Other supplies.....	63,245	78,515
Rental and maintenance of physical facilities.....	278,041	144,470
Travel.....	5,981	3,153
Professional services.....	732	248
Repairs to equipment.....	1,234	944
Miscellaneous services.....	1,154	1,411
Capital acquisitions.....	1,324,494	349,456
Losses of supplies.....	—	1,353
	<u>2,831,450</u>	<u>1,625,573</u>

**Budget and expenditure for the relief programme
(continued)**

	<i>Budget</i>	<i>Expenditure</i>
	\$	\$
Health care		
International staff salaries and allowances.....	85,963	84,080
Area staff salaries and allowances.....	664,853	662,483
Related international staff costs.....	6,024	6,743
Related area staff costs.....	-	104,690
Food supplies.....	17,381	29,185
Medical supplies.....	578,522	281,055
Other supplies.....	13,102	69,042
Rental and maintenance of physical facilities.....	47,412	45,925
Travel.....	16,480	11,872
Professional services.....	5,479	3,718
Repairs to equipment.....	213	980
Miscellaneous services.....	925	881
Medical grants and subsidies.....	512,708	658,394
Capital acquisitions.....	6,459	3,205
Losses of supplies.....	-	13,438
	<u>1,955,521</u>	<u>1,975,691</u>
Social welfare		
Area staff salaries and allowances.....	117,130	89,190
Related area staff costs.....	-	14,075
Supplies.....	22,727	26,691
Rental and maintenance of physical facilities.....	7,459	8,340
Travel.....	2,619	3,285
Freight on contributions direct to refugees.....	-	260,251
Repairs to equipment.....	-	161
Miscellaneous services.....	-	44
Grants and subsidies.....	33,974	34,843
Capital acquisitions.....	17,298	12,575
Losses of supplies.....	-	125
	<u>201,207</u>	<u>449,580</u>
Transport within UNRWA area		
International staff salaries and allowances.....	53,417	20,113
Area staff salaries and allowances.....	400,371	391,511
Related international staff costs.....	3,520	3,254
Related area staff costs.....	-	62,924
Fuel, lubricants and other automotive supplies.....	274,489	217,940
Other supplies.....	2,917	5,161
Rental and maintenance of physical facilities.....	14,784	8,034
Travel.....	23,529	21,597
Repairs to equipment.....	13,598	10,972
Miscellaneous services.....	-	515
Capital acquisitions.....	111,996	74,651
Losses of supplies.....	-	4,014
Vehicle hire.....	114,672	105,102
Railroad freight.....	621,609	430,023
Highway freight.....	435,781	339,844
Ocean freight.....	169,187	27,948
Hire of airplane.....	80,000	96,026
	<u>2,319,870</u>	<u>1,819,629</u>

**Budget and expenditure for the relief programme
(continued)**

	<i>Budget</i>	<i>Expenditure</i>
	\$	\$
Warehousing and handling		
International staff salaries and allowances.....	75,190	73,845
Area staff salaries and allowances.....	224,463	230,217
Related international staff costs.....	8,404	5,624
Related area staff costs.....	-	29,981
Supplies.....	41,405	15,470
Rental and maintenance of physical facilities.....	25,813	27,287
Travel.....	5,588	4,074
Professional services.....	-	1,040
Repairs to equipment.....	58	93
Port and other services.....	268,071	205,883
Capital acquisitions.....	2,225	2,176
Losses of supplies.....	-	1,391
	<u>651,217</u>	<u>597,081</u>
Administration		
International staff salaries and allowances.....	80,390	34,976
Area staff salaries and allowances.....	229,202	279,648
Related international staff costs.....	1,171	2,808
Related area staff costs.....	-	45,008
Supplies.....	2,664	1,310
Rental and maintenance of physical facilities.....	20,857	19,852
Travel.....	2,711	2,630
Communications.....	6,536	5,865
Repairs to equipment.....	129	120
Miscellaneous services.....	-	334
Losses of supplies.....	-	20
	<u>343,660</u>	<u>392,571</u>
Share of common services (schedule E).....	636,285	680,282
Operational reserve.....	279,163	-
TOTAL RELIEF PROGRAMME	<u>27,253,213</u>	<u>23,857,147</u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Budget and expenditure for the rehabilitation programme

For the financial year ended 30 June 1954
(expressed in US dollars)

	<i>Budget</i>	<i>Expenditure</i>
	\$	\$
Education		
International staff salaries and allowances.....	23,644	12,588
Area staff salaries and allowances.....	1,245,125	1,120,294
Related international staff costs (recruitment and termination costs, home leave, etc.).....	1,668	403
Related area staff costs (termination costs, etc.).....	-	180,135
Educational supplies.....	321,916	216,003
Other supplies.....	161,641	263,953
Rental and maintenance of physical facilities.....	88,636	91,954
Travel.....	8,596	10,264
Professional services.....	577	5,828
Repairs to equipment.....	-	977
Miscellaneous services.....	1,008	832
Public relations.....	-	179
Educational grants and subsidies.....	366,304	322,347
Capital acquisitions.....	327,896	288,721
Losses of supplies.....	-	24
	<u>2,546,411</u>	<u>2,514,502</u>
Projects		
Research, experimentation and planning.....	1,132,627	662,630
Training.....	538,017	398,696
Agriculture and land development.....	656,528	363,360
Industrial, commercial and banking.....	1,086,765	29,670
Placement.....	78,574	39,812
Direct loans and grants.....	261,222	125,767
	<u>3,753,733</u>	<u>1,619,935</u>
Special activities		
Education.....	202,648	73,372
Health.....	6,077	3,096
Social welfare.....	131,048	15,532
	<u>339,773</u>	<u>92,900</u>
Administration		
International staff salaries and allowances.....	233,460	197,091
Area staff salaries and allowances.....	183,007	138,460
Related international staff costs.....	19,106	30,700
Related area staff costs.....	-	22,143
Supplies.....	9,946	3,540
Rental and maintenance of physical facilities.....	9,577	6,937
Travel.....	28,076	16,081
Communications.....	2,323	1,079
Professional services.....	56,766	3,544
Repairs to equipment.....	415	131
Miscellaneous services.....	118	2,700
Hospitality and public relations.....	600	890
Capital acquisitions.....	1,171	1,236
Losses of supplies.....	-	2,715
	<u>544,565</u>	<u>427,247</u>
Share of common services (schedule E).....	636,284	680,281
TOTAL REHABILITATION PROGRAMME	<u><u>7,820,766</u></u>	<u><u>5,334,865</u></u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

Budget and expenditure for common services

For the financial year ended 30 June 1954

(expressed in US dollars)

	<i>Budget</i>	<i>Expenditure</i>
	\$	\$
International staff salaries and allowances.....	417,595	422,351
Area staff salaries and allowances.....	423,182	401,494
Related international staff costs (recruitment and termination costs, home leave, etc.).....	133,406	84,393
Related area staff costs (termination costs, etc.).....	-	68,654
Supplies.....	65,645	46,797
Rental and maintenance of physical facilities.....	63,428	63,809
Travel.....	59,553	25,861
Communications.....	53,919	56,102
Professional services and auditing.....	11,537	17,076
Repairs to equipment.....	3,184	2,072
Services of procurement agents.....	-	75,000
Banking and miscellaneous services.....	13,003	14,231
Hospitality and public relations.....	24,043	21,684
Capital acquisitions.....	4,074	17,189
Provision for liquidation.....	-	35,000
Losses (cash and supplies).....	-	8,850
	<u>1,272,569</u>	<u>1,360,563</u>

Allocation of common services

Relief programme (schedule C).....	636,285	680,282
Rehabilitation programme (schedule D).....	636,284	680,281
	<u>1,272,569</u>	<u>1,360,563</u>

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

STATEMENT III

Contributions from Governments direct to refugees

For the year ended 30 June 1954
(expressed in US dollars)

MEMORANDUM

<i>Contributor</i>	<i>Commodity or service</i>	<i>Value</i>
		\$
India	Soap	1,818
Italy	Clothing and tinned food	26,800
Jordan	Educational services, cash grants, miscellaneous	445,161
Lebanon	Medical services and orphanages	41,256
Saudi Arabia	Clothing	28,981
Syria	Medical and educational services, rents, miscellaneous	255,392
	TOTAL	<u>799,408</u>

The notes to the financial statements are an integral part of those statements and should be read in conjunction therewith.

Contributions from others direct to the refugees

For the year ended 30 June 1954
(expressed in US dollars)

MEMORANDUM

<i>Contributor</i>	<i>Commodity or service</i>	<i>Value</i> \$
American Friends' Service Committee.....	Clothing	15,573
American Middle East Relief.....	Food and clothing	2,402
American Presbyterian Mission.....	Education and medical services	17,826
Anglican Bishop, Jerusalem.....	Cash, food, clothing, education, medical care and shelter	63,924
Arab Evangelical Episcopal Council, Jerusalem	Cash, food, clothing and educational services	12,793
Arab National Hospital, Bethlehem.....	Clothing and medical care	5,718
Arab Women's Union Committee, Nablus....	Cash, food, clothing, education and medical care	9,008
Bible Society, Beirut.....	Education	1,590
British Syrian Lebanese Mission.....	Education	11,784
Canadian Red Cross.....	Clothing	12,277
Catholic Union Schools, Amman.....	Educational supplies and services	10,590
Church World Services.....	Dried milk and clothing	22,924
Congregational Christian Service Committee..	Cash, medical care and education	37,765
Council of Organizations for Relief Service Overseas, New Zealand.....	Used clothing	936
Daniel and Emily Oliver Orphanage, Lebanon.	Food, shelter and education	4,596
Danish Birds Nest, Lebanon.....	Food, shelter and education	1,770
Danish Red Cross.....	Clothing and medical supplies	7,272
Dar El Awlad, Jerusalem.....	Food, clothing, education and medical care	2,878
Dar El Awlad Orphanage, Lebanon.....	Food, shelter and education	4,944
Dar El Tifl, Jerusalem.....	Food, clothing, medical care, education and shelter	22,381
Dbay Orphanage, Lebanon.....	Food, shelter, medical care and education	1,416
Evangelical Hospital, Nablus.....	Medical care, cash, food and clothing	5,608
French Faculty of Medicine.....	Medical care	1,584
French Hospital, Bethlehem.....	Food, clothing and shelter	2,581
Greek Orthodox Patriarchate, Jerusalem....	Cash, educational supplies and services	1,288
Jihad Hospital, Tulkarm.....	Medical care	1,260
Joint Christian Committee.....	Medical supplies	770
Jordan Red Crescent Society, Amman.....	Cash, food, clothing and medical care	8,935
Khoury, Mr. S.....	Food	1,120
Latin Patriarchate, Jerusalem.....	Educational supplies and services	7,560
Lebanese Red Cross.....	Medical supplies	976
Lebanese Emigrants in the United States....	Cash	632
Lutheran World Federation.....	Food, clothing, medical care and education	751,152
Moslem Brethren, Hebron.....	Food	3,360
Moslem Waqfs, Hebron.....	Food	4,480
Moslem Waqfs, Jerusalem.....	Food	4,256
Moslem Waqfs, Lebanon.....	Shelter, water and electricity	5,940
Near East Christian Council Committee.....	Cash and education	19,775
Notre Dame de Sien, Jerusalem.....	Food, clothing, medical and educational services	5,331
Ophthalmic Hospital, Jerusalem.....	Medical care and food	15,277
Palestine Permanent Bureau.....	Medical services	1,854
Pontifical Mission	Cash, relief supplies, warehousing and medical services	300,188
Red Crescent Society.....	Cash, food, clothing and medical care	6,882
Save the Children Fund.....	Clothes, medical supplies and food	18,362
Schneller's Orphanage, Lebanon.....	Food, shelter and education	1,530
Sisters of Charity, Bethany.....	Food, clothing, medical care, education and shelter	11,942
Sisters of Nazareth, Amman.....	Cash, clothing, education and medical care	13,881
Trappist Convent, Latrun.....	Cash, food, clothing, medical care and shelter	6,813
UNICEF	Soap, edible oil, dates and pulses	101,100
UNRWA Women's Auxiliary.....	Cash	623
War Relief Services.....	Milk	75,230
Women's Voluntary Services, London.....	Clothing	516,050
YMCA	Education, food, clothing, medical care and shelter	69,224
YWCA	Educational services and supplies	1,902
Sundry donors giving under \$500 each	Miscellaneous	4,385
	TOTAL	2,242,128

The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith.

REPORT OF THE BOARD OF AUDITORS

1. The annual financial period of the United Nations Relief and Works Agency for Palestine Refugees in the Near East ends on 30 June; consequently this report is with respect to transactions of the twelve months ended 30 June 1954.

INCOME AND EXPENDITURES

2. Cash contributions received during the year amounted to \$22,669,598, while contributions in kind have been given a value of \$475,249 for financial statements' purposes. These totals do not include contributions by Governments and others made directly to refugees—statements III and IV to the financial statements give particulars with respect to such contributions. Miscellaneous income of the Agency totalled \$518,892, the two major sources being \$283,470 resulting from sales of empty containers and interest earnings of \$166,021. The total income recorded in the financial statements is \$23,663,739 from which a deduction of \$104,816 is made for exchange adjustments. The net recorded revenue of the year ended 30 June 1954, therefore, was \$23,558,923.

3. Expenditures amounted to \$29,192,012, of which \$23,857,147 is related to the relief programme and \$5,334,865 to that for rehabilitation. The total of expenditures exceeding income by approximately \$5,633,000, this amount was met out of balances carried forward from the previous year.

4. *Relief programme.* In June 1953, there were 871,748 recorded refugees. As of June 1954, the number was 887,058, a comparison by locations being:

	Lebanon	Syria	Jordan	Gaza	Total
June 1953...	102,095	85,473	475,620	208,560	871,748
June 1954...	101,636	86,191	486,631	212,600	887,058

The care, shelter, etc. of these persons necessitated expenditures amounting to \$23,857,147, a summary analysis being:

	\$	\$
Basic subsistence supplies and registration		14,276,966
Milk and supplementary feeding.....		1,204,577
Shelter and camp maintenance.....		1,201,354
Health care		1,117,695
Social welfare		346,315
Transport within area, warehouse and handling charges		1,599,241
Administration:		
Area staff	3,128,304	
International staff	272,282	
Office costs	30,131	3,430,717
Common service costs.....		680,282
	TOTAL	23,857,147

5. In the previous year, relief programme expenditures of \$23,400,729 included \$828,644 for education expenditures. In the financial statements now reported upon the \$2,514,502 disbursed in 1953-1954 for education is listed as expenditure incurred for purposes of the rehabilitation programme. A change has also been made in the allocating of common services costs—a phrase used to describe costs incurred for the common benefit

of both programmes. In the year ended 30 June 1953, costs of registration and of supply and transport were included in the \$3,274,141 of common services costs. In the year now reported on, expenditures incurred in registration of refugees and most of the supply and transport costs were allocated to the relief programme; thus, 1954 common services costs are limited to those incurred in general administration and procurement. The total was \$1,360,563 and was allocated, in equal portions, to each programme.

6. *Rehabilitation programme.* Expenditures totalled \$5,334,865, an analysis being:

	\$
Education	2,514,502
Research, experimentation and planning.....	662,630
Training	398,696
Agriculture and land development.....	363,360
Direct loans and grants.....	125,767
Other	162,382
Administration	427,247
Common services costs.....	680,281

7. As of 30 June last, the Agency was extending assistance in the educating of 154,735 children, with 94,589 in UNRWA-UNESCO schools and the others in public or private schools. The \$2,514,502 expended under the heading "Education" includes all Agency expenditure on primary and secondary education and also payments to teachers.

8. Training expenditures of \$398,696 represent the cost of approximately forty vocational training projects and outlays in connexion with about 150 refugee students enrolled at universities in Beirut and in Egypt.

9. The major charges included in the item "Research, experimentation and planning" were those with respect to the possibilities of (a) an irrigation and hydro-electric project in the Jordan Valley; and () a project for the reclamation of 50,000 feddans of land in Sinai by utilization of waters of the Nile.

ASSETS AND LIABILITIES

10. *Assets.* The resources of the Agency approximated \$41,600,000 as of 30 June 1954, with inventories of supplies representing about \$5,000,000. For the purposes of the assets and liabilities statement, cash held in currencies other than dollars was valued at official rates of exchange, with the exception of Lebanese and Syrian pounds which were valued at the market rates prevailing on 30 June 1954. Food and medical supplies, tents, etc. at the financial year-end had recorded worth of \$3,415,563 and represented the major part of the \$4,971,541 "Inventories" item. In turn, flour holdings of \$1,379,149 constituted the major item of food warehoused.

11. Not all assets of the Agency are recorded as assets in the financial statement. For example, the \$700,000 investment in the Jordan Development Bank is not included. Moreover, the value placed on inventories may not be regarded as other than approximate. Basic relief supplies, which represent the greater part of the inventories, were, as a rule, valued at latest contract prices.

A different basis was used in valuing medical supplies. With respect to other categories, money values, being balances appearing in financial ledgers, were used, but tests made indicate that, with one exception, these were not in agreement with values calculated from quantities on stock sheets compiled by each warehouse and summarized for comparison with the ledgers. As a rule, ledger balances were not adjusted where disagreement in total did not exceed 3 per cent. Because of the nature of its activities and warehousing in numerous places, supply accounting has always presented a special problem to the Agency. Information provided during the audit was to the effect that a further review of the system is under consideration.

12. The Agency had accounts receivable totalling \$494,469. Of this total, \$149,919 consisted of claims on the Lebanese Government for refunds of taxes. \$78,173 is being claimed from the Syrian Government for like reasons. The other major item is \$185,905, being a claim outstanding for several years against a supplier of blankets. A judgment favourable to the Agency has been delivered by a French court, but the appeal has yet to be heard.

13. *Liabilities.* These totalled \$2,043,822 as of 30 June 1954, with \$698,974 representing accounts payable, mainly current accounts with respect to supplies, etc. The major "Liabilities" item is the \$1,325,000 reserve for liquidation—the sum currently regarded as necessary to settle all contracts with staff and wind up the affairs of the Agency if and when the purposes for which it was created cease to be applicable. As at the previous year-end the amount was \$625,000. The increase is mainly attributable to the provision of \$665,000 towards the estimated costs of a scheme, introduced during the year, under which local staff get extended notice of termination of appointments. For each completed six months' service, staff are to receive half a month's notice and are to be released from duty not later than two weeks after the beginning of the period of notice. Salary for the whole period of notice will be paid. The Agency advises that it estimated the liability at 30 June 1954 to be \$1,000,000 on the assumption of an average of three years' service and an average annual salary payroll of \$4,000,000. Therefore, the \$665,000 provided in the "Liabilities" statement is \$335,000 less than the estimated requirement. The under-provision is justified by the Agency on the ground that the establishment of a contributory provident fund—now under consideration—will alter the need. Under it, staff members will contribute a percentage of salary each month and, on termination, this will be returned together with the contribution of the Agency. Consequently, the Agency's view is that provision for extended notice benefits will diminish as the Agency's contribution to the provident fund progressively offsets the amount of salary which an employee is to receive in the period of notice. However, no provident fund had been established by 30 June last so the audit view necessarily is that the appropriate action as of 30 June 1954 would have been to record the liability as \$1 million rather than \$665,000, and make adjustments after the fund is in operation.

PROCUREMENT OF SUPPLIES

14. The Agency has entered into an agreement with the United Nations Children's Fund whereby the latter negotiates procurements of supplies outside the Middle East as the agent of UNRWA. All payments to suppliers by UNICEF are made out of funds advanced by

the Agency. For its services, UNICEF is to receive three-quarters of 1 per cent of the value of purchases, but not less than at the rate of \$100,000 per annum. The scheme came into operation in the fall of 1953, and between October of that year and 30 June 1954 contracts thus negotiated totalled \$7,392,000; consequently, UNICEF was paid \$75,000 for its services in the nine months' period. Out of this, UNICEF paid salaries and other expenses associated with procurement activities. The Agency has a senior procurement officer attached to UNICEF for liaison purposes. As the Agency's procurement staff in the Middle East was not otherwise reduced, the benefits to be derived from the agreement, from the viewpoint of monetary savings, will be the economies that may be effected by extended use of world markets in negotiating for supplies. The agreement is terminable on notice by either party. It is understood that the Agency and UNICEF plan to review the arrangement in the near future.

THE AUDIT

15. The financial year of UNRWA ending 30 June, a special problem is to complete and report on the audit in time to meet the convenience of the General Assembly session annually commencing on the third Tuesday of September. The accounts are maintained at Beirut, a city far distant from the offices of the several members of the Board of Auditors; moreover, it was indicated to the Board last spring that the accounts might not be closed and financial statements ready until a date later than in 1953. For these reasons and also to keep the cost of audit as low as practicable, the Board of Auditors again exercised the discretion given by article 12.5 of the United Nations Financial Regulations, and arranged with the Comptroller and Auditor General, Great Britain (a member of the Panel of Auditors), that examinations of accounts at Beirut and elsewhere in the Near East be made by his staff stationed in the area. Relying on the provisions of article 12.3 of the Financial Regulations, the Board of Auditors sought, and received, the concurrence of the Advisory Committee on Administrative and Budgetary Questions to its delegating to the Canadian member of the Board the responsibility for certifying the accounts and reporting thereon. Again, the reason was to save time and expense. These are the reasons why this report bears one signature only. The action taken is not to be regarded as establishing a practice, because it was dictated by special circumstances existing in 1954.

16. The Comptroller and Auditor General, Great Britain, advises that he obtained all the information and explanations required in the course of examinations made of the books of account and other records of UNRWA for the year ended 30 June 1954. The examinations were made by means of tests of books of account and other records maintained at the Agency's headquarters in Beirut and at the field offices in Lebanon, Syria, Jordan and Gaza. The Cairo office of the Agency was not visited, but a report of the internal audit branch of the Agency revealed that the accounts were generally satisfactory. In addition, stores accounting at a number of warehouses and the cost accounts of the Agency's tent factory were examined.

17. The Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East submitted the following statements for audit certificate:

- I. Statement of assets and liabilities as of 30 June 1954.
- II. Statement of income and expenditure for the financial year ended 30 June 1954.

A footnote states:

"The notes to the financial statements are an integral part of these statements and should be read in conjunction therewith."

Audit directions of the General Assembly do not require that the external auditors review and certify financial reports of either the Secretary-General or any other person—the audit certificate is to be with respect to the accounts as summarized in financial statements. With this reservation and subject to the observations already made in this report, I certify that the statement of assets and liabilities and the statement of income and expenditure presented for audit certificate by the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and related to the financial year ended 30 June 1954 have been examined in accordance with the provisions of the Financial Regulations. All information and explanations required were provided, and I certify, as a result of the audit, that in

my opinion the statements are in accord with the books of the Agency and correct.

18. In accordance with established practice, a memorandum is being addressed to the Advisory Committee on Administrative and Budgetary Questions with respect to some subordinate matters noted in the course of the audit.

19. On behalf of the Board of Auditors, appreciation is expressed for the co-operation and assistance extended by the Comptroller and Auditor General, Great Britain, and his staff. It is also a pleasure to record again that the audit task was facilitated by the co-operation of the Director and officers of UNRWA.

Watson SELLAR, *Canada,*
On behalf of the Board of Auditors

13 October 1954.