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### PROGRAMME PLANNING

#### Revision of the Financial Rules in the light of the restructuring of the economic and social sectors of the United Nations

#### Report of the Secretary-General

1. In paragraph 302 of the report of its twenty-second session 1/ the Committee for Programme and Co-ordination (CPC) requested the Secretary-General to submit to the General Assembly, at its thirty-seventh session, a comprehensive list of revisions to the Financial Rules and Regulations of the United Nations which would be required as a consequence of the restructuring of the economic and social sectors of the United Nations under General Assembly resolution 32/197 of 20 December 1977.
2. In his report to the thirty-seventh session on that subject (A/C.5/37/25), the Secretary-General indicated that proposed revisions to financial regulations 3.3, 3.6 and 13.1 were considered by CPC at its twenty-second session, at which time it decided to recommend to the General Assembly that it should consider and adopt the proposed revisions after making whatever further adjustments it deemed necessary. The General Assembly subsequently adopted the proposed revisions to financial regulations 3.3, 3.6 and 13.1 at its thirty-seventh session (General Assembly resolution 37/234).
3. With respect to the Financial Rules, the Secretary-General indicated in his report that further changes in the procedures for the preparation of the programme budget had been instituted in 1982. The functions of the Programme Planning and Budgeting Board as well as the adjustments to the budgeting procedures might require the revision of several financial rules, e.g., rules 101.2, 103.2-103.6, 103.8, 103.13 and 103.14.
4. The General Assembly, in resolution 37/234 II, noted that the Secretary-General intended to issue revisions to the Financial Rules and to submit them to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions.

5. After completing a review of the Financial Rules, the Secretary-General has approved revisions to the following rules: 101.2 (d), 103.2-103.6, 103.7 (formerly 103.8), 103.12 (formerly 103.13), 103.13 (formerly 103.14), 110.41 (formerly 111.12) and 113.1. The text of these revised financial rules, with the changes in wording underlined, are contained in the annex to the present report.

6. The revised rules are the same as those mentioned in paragraph 11 of A/C.5/37/25 with two additions: rules 110.41 (formerly 111.12) and 113.1. The text of rule 110.41 has been revised to reflect the current functions of the Internal Audit Division in regard, in particular, to auditing of programme budget outputs delivery. Rule 113.1 has been revised in order to incorporate the new requirement for programme budget implications reports as provided for in resolution A/38/227 on programme planning and co-ordination within the United Nations system.

#### Notes

1/ Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 38 (A/37/38).

Annex

FINANCIAL RULES

Revised in light of the new programme planning  
and budgeting regulations and procedures  
(additions or revisions underlined)

Definitions

Rule 101.2

(d) "Programme Planning and Budgeting Board" shall mean the board established by the Secretary-General to assist in the exercise of his responsibilities in respect of planning, programming and budgeting.

[Former rule 101.2 (d) has been renumbered 101.2 (e)]

Budget estimates

Rule 103.2

(a) Heads of departments shall submit programme budget proposals for the following financial period at such times and in such detail as the Secretary-General may prescribe and in accordance with the Regulations and Rules on Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

Rule 103.3

The programme budget proposals shall be reviewed by the Programme Planning and Budgeting Board. In the light of the deliberations of the Board, the Secretary-General shall decide on the programme content and resource allocation of the budget to be submitted to the General Assembly.

Form of the proposed programme budget

Rule 103.4

The proposed programme budget shall contain:

(a) Programme narratives in conformity with the standards set out in rule 104.4 of the Regulations on Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

[Current rule 103.4 (c) incorporated in new rule 103.4 (a) and former rules 103.4 (a) and (b) renumbered 103.4 (b) and (c), respectively]

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Rule 103.5

The Secretary-General shall submit advance copies of the proposed programme budget to the Committee for Programme and Co-ordination and to the Advisory Committee by the end of April in the year preceding each financial period, and shall arrange for transmittal of the proposed programme budget, together with the report of the Advisory Committee thereon, to the Member States at least five weeks prior to the opening of that regular session of the General Assembly for that year.

[Current rule 103.6 incorporated in rule 103.5]

Publication of the approved programme budget

Rule 103.7

The USG/AM shall arrange for the publication of the programme budget as finally approved by the General Assembly, showing the appropriations by parts, sections, programmes and subprogrammes, as appropriate, and changes adopted by the General Assembly in the programme elements and output contained in the proposed programme budget.

Submission of supplementary programme budget proposals

Rule 103.12

Heads of departments shall submit supplementary programme proposals in such detail as the Secretary-General may prescribe.

Rule 103.13

These proposals shall be reviewed by the Programme Planning and Budgeting Board. In the light of the deliberations of the Board, the Secretary-General shall decide as to the supplementary programme budget proposals to be submitted to the General Assembly.

Internal Audit

Rule 110.41

The Internal Audit Division shall conduct independent audits in conformity with generally accepted common auditing standards. The Division shall review, evaluate and report on the soundness, adequacy and application of systems, procedures and related internal controls. The audits shall encompass the following elements:

(a) Compliance - a review of financial transactions to determine whether they are in compliance with General Assembly resolutions, financial and staff regulations and rules and administrative instructions;

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(b) Economy and efficiency - an appraisal of the operational efficiency and economy with which financial, physical and human resources are utilized;

(c) Effectiveness - a review of programmes and activities financed from regular and extrabudgetary resources to compare implementation of outputs with the commitments set out in the approved programme budget.

#### Resolutions involving expenditures

##### Rule 113.1

It shall be the responsibility of the head of the department concerned, in consultation with the Office of Financial Services, to ensure that the report on the administrative and financial implications required by regulation 13.1 is submitted to a Council, Commission, United Nations regional commission, or other competent body prior to its adoption of any decision. It shall be the responsibility of the head of the department concerned, in consultation with the Office of Financial Services and, as required, with the Programme Planning and Co-ordination Office of the Department of International Economic and Social Affairs to ensure that a report on programme budget implications required by regulation 13.1 is submitted to the General Assembly prior to its adoption of any decision.

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