

**UNITED NATIONS DEVELOPMENT PROGRAMME**

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**FINANCIAL REPORT AND ACCOUNTS**  
**for the year ended 31 December 1973**  
**and**  
**REPORT OF THE BOARD OF AUDITORS**  
  
*Volume II*  
**(United Nations Fund for Population Activities)**

**GENERAL ASSEMBLY**

**OFFICIAL RECORDS: TWENTY-NINTH SESSION**

**SUPPLEMENT No. 7A (A/9607/Add.1)**



**UNITED NATIONS**

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**UNITED NATIONS**

New York, 1974

**NOTE**

**Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.**

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LETTERS OF TRANSMITTAL

27 August 1974

Sir,

Pursuant to the decisions of the United Nations Development Programme Governing Council at its fifteenth and sixteenth sessions, which authorized the Executive Director of the United Nations Fund for Population Activities, in consultation with the Administrator of UNDP, to conduct the financial operations of the Fund on a provisional basis, under the appropriate Financial Regulations and Rules of UNDP, taking into account the separate identity and character of the Fund, I have the honour to submit, in accordance with UNDP financial regulation 15.1, the annual accounts of the UNFPA as at 31 December 1973.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Rudolph A. PETERSON  
Administrator of the  
United Nations Development Programme

The Chairman of the  
Board of Auditors  
United Nations  
New York

22 November 1974

Sir,

..... I have the honour to transmit to you the financial statements of the United Nations Fund for Population Activities as at 31 December 1973, which were submitted by the Administrator of the United Nations Development Programme.

..... In addition to the above, I have the honour to present the report of the Board with respect to the United Nations Fund for Population Activities accounts for the year 1973.

Accept, Sir, the assurances of my highest consideration.

(Signed) Abdul HAMID  
Auditor General of Pakistan  
and Chairman,  
United Nations Board of Auditors

The President of the  
Governing Council  
New York

## I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1973

1. The Executive Director of the United Nations Fund for Population Activities has the honour to submit the annual financial report on the accounts of the United Nations Fund for Population Activities (UNFPA) for the year ended 31 December 1973, together with the audited accounts, comprising one statement supported by five schedules.
2. The Fund was established in 1967 in pursuance of General Assembly resolution 2211 (XXI) of 17 December 1966 and Economic and Social Council resolution 1084 (XXXIX) of 30 July 1965 with a view to an intensification of United Nations activities in the field of population. In 1969, the Secretary-General delegated responsibility for operations of the Fund to the UNDP Administrator.
3. This is the first year that the accounts of UNFPA are being submitted separately from those of the United Nations regular budget and other United Nations operations and activities. This presentation of separate accounts is in conformity with General Assembly resolution 3019 (XXVII), which placed the Fund under the authority of the General Assembly and designated the Governing Council of UNDP, subject to conditions to be established by the Economic and Social Council, to be the governing body of the Fund.
4. Under authority of the General Assembly, the Governing Council, at its fifteenth session, applied to UNFPA annualized funding procedures similar to those of UNDP and authorized UNFPA to prepare financial regulations and rules.

### Effect of new financial policies and procedures

5. In order to implement the annualized funding concept, UNFPA devised a "rolling plan" in which the Governing Council is requested to approve a total budget for the UNFPA programme for the first year of the plan and lesser amounts for succeeding years. The work plan is revised each year, dropping the first year and adding the next succeeding year.
6. The Governing Council of UNDP, at its fifteenth session, authorized the Executive Director to establish a provisional operational reserve of \$20 million. 1/
7. In accordance with the concept of the "rolling plan" used by UNFPA, the expenditure shown in the present financial report includes unliquidated obligations as reported by executing agencies. This concept is slightly different from the one used in the financial statements of the UNDP, which is a similar entity. In addition, unexpended allocations of the current year, which will be rephased into future years, have been shown as a reserve and deducted from the balance of unencumbered funds for 1973.

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1/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2 (E/5256 and Corr.1), para. 299.

8. The Governing Council, at its sixteenth session, authorized the Executive Director to programme up to an amount of \$108 million for the period 1973-1976 and established a UNFPA budget ceiling of \$52 million for the year 1973. <sup>2/</sup> Allocations issued for 1973 expenditure, including overhead costs and UNFPA programme support and administrative costs, amounted to \$52.9 million, which exceeded the programme ceiling by \$0.9 million. This deficit was primarily a result of the transition from full funding to annualized funding, during which some previous earmarkings of funds were not recorded as allocations.

9. The Board of Auditors reported on the 1971 accounts that certain trust funds did not reflect the real unexpended balances, principally because the actual expenditure incurred by executing agencies was not reported in the accounts. In order to implement the Board's recommendation, it was decided that allocations issued to agencies should no longer be recorded as expenditure incurred and instead should be recorded as a deduction from the balance of unencumbered funds pending receipt of expenditure reports. Furthermore, the accounting procedures introduced during 1972 reflected the actual expenditure reported by agencies in the income and expenditure statement for the amount of programme implemented during the year. As a result, only \$6 million was reflected in the income and expenditure statement during 1972. Due to the delay in the presentation of the statements of accounts of the executing agencies, expenditure amounting to \$25.2 million relating to 1972 was not included in expenditure until 1973.

10. This presentation gives a more realistic picture of the expenditure incurred by executing agencies during 1973. Allocations issued to non-governmental organizations amounting to \$9.2 million were charged as expenditure at the time of remittance or the establishment of an allocation payable.

11. The balance of allocations issued for 1973 programmes for which executing agencies had not submitted expenditure reports as at 31 December 1973 amounted to \$9.2 million and are reported under provision for 1973 and prior years' allocations unexpended (statement I).

12. In 1973, a reporting system was introduced by the Office of Financial Services, requesting the United Nations agencies and other participating organizations to report current and prior years' allocations, remittances, other income and expenditure by object. This information would provide management with meaningful data on the implementation of the programme.

13. Executing agencies have been requested by UNFPA to provide it with audit certificates or audit opinions, in accordance with regulation 15.2, with copies to the United Nations Board of Auditors, confirming income, expenditure, allocation and remittances received as at 31 December 1973.

#### Administrative programme support services budget

14. The budget estimates for the year 1973 were approved by the Administrator of UNDP under previous authority granted him and noted by the Governing Council at its sixteenth session. The Administrator approved an estimate of \$2.4 million and, in order to finance these requirements, authorized the issue of allocations in that amount out of UNFPA resources. The total obligations incurred against these resources were \$2.1 million and these are included in the amount of \$71 million (schedule 5).

<sup>2/</sup> Ibid., Supplement No. 2A (E/5365/Rev.1), para. 247.



## II. AUDIT OPINION

We have examined the following appended financial statement and relevant schedules of the United Nations Fund for Population Activities for the year ended 31 December 1973. 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. As a result of our examination, we are of the opinion, subject to the observations in paragraphs 14 to 17 of our report, 3/ 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 present fairly the financial position as at 31 December 1973.

(Signed) Abdul HAMID  
Auditor-General of Pakistan

J. J. MACDONELL  
Auditory-General of Canada

J. E. ESCALLON O.  
Controller-General of Colombia

21 November 1974

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3/ See section IV below.

III. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1973

## Status of funds as at 31 December 1973

(Expressed in US dollars)

I. Statement of assets, liabilities and unencumbered fund balanceAssets:

Cash at banks and on hand	4 479 267
Interest-bearing bank deposit (schedule 1)	16 450 202
Letters of credit	11 028 100
Fledged contributions receivable from Governments (schedule 2)	26 847 286
Accounts receivable	10 080
Accrued interest on investments	474 751
Remittances to executing agencies	816 000
Deferred charges and other assets	890
<b>Total assets</b>	<b>60 106 576</b>

Liabilities and reserves:

Accounts payable	560 861
Remittances payable	10 668 251
Allocations payable to NGOs	1 141 426
Provision for 1973 and prior years' allocations unexpended (schedule 3)	9 663 625
Unliquidated obligations	170 306
Due to United Nations General Fund	3 377 177
Deferred contributions	54 516
Provision for repatriation grant	27 070
Provisional operational reserve	20 000 000
<b>Total liabilities and reserves</b>	<b>45 663 232</b>

Balance of unencumbered funds:

Balance available 1 January 1973 as adjusted (schedule 4)	24 970 384
Less: Excess of expenditure over income (see below)	863 415
Allocations issued for programmes	9 663 625
Balance available 31 December 1973	14 443 344
<b>Total liabilities, reserves and unencumbered funds</b>	<b>60 106 576</b>

II. Statement of income and expenditure for the year ended 31 December 1973Income:

Contributions from Governments	42 639 915
Public donations	1 014
Interest income	1 633 816
Miscellaneous	717 316
<b>Total income</b>	<b>44 992 061</b>

Less:

Total reported expenditures	71 134 539
Less: Adjustment for prior years' expenditures	25 279 063

Total 1973 expenditures (including \$170 306 unliquidated obligations)

45 855 476  
(863 415)

Excess of expenditure over income

CERTIFIED CORRECT:-

(Signed) W. H. ZIEHL  
Acting Head

Office of Financial Services

New York, 27 August 1974

Schedule 1

Interest-bearing bank deposits as at 31 December 1973

Name of Bank	Interest rate Per cent	Maturity date	Amount \$
Bayerische Vereinsbank a/	5 - 16	15 Jan. 1974	1 515 152
" "	12 7/8	21 Jan. 1974	1 045 028
" "	14	20 Feb. 1974	1 161 222
" "	13	4 Mar. 1974	1 136 364
" "	13 1/4	26 Mar. 1974	1 893 939
" "	13 3/8	5 Oct. 1974	1 893 939
" "	12 1/8		1 915 246
Bank of Tokyo b/	2 3/4		1 192 187
The Daichi Kangyo Bank Ltd. b/	2 3/4		338 458
Bank of America, Frankfurt	15	25 Feb. 1974	400 000
" " " "	15 5/8	28 Feb. 1974	195 000
" " " "	13	3 Sept. 1974	500 000
" " " "	11	19 Mar. 1974	820 000
Chemical Bank c/	4 1/2 - 5		29 667
Chemical Bank, Frankfurt	13 1/4	13 Sept. 1974	1 000 000
Manufacturers Hanover Trust, Frankfurt	14 1/2	18 Mar. 1974	500 000
" " " "	13 1/8	20 Aug. 1974	39 000
" " " "	13	17 Sept. 1974	875 000
TOTAL			<u>16 450 202</u>

a/ 48-hour call account.

b/ Deposit at notice.

c/ Savings account.

## Status of pledges unpaid as at 31 December 1973

(Expressed in US dollars)

Governments	Unpaid pledges as at 31 December 1972	Pledges for 1973 and adjustments	Pledges for future years	Collections during 1973	Unpaid pledges as at 31 December 1973
Afghanistan	1 000	-	-	-	1 000
Australia	382 507	41 468	-	423 975	-
Austria	-	2 000	-	2 000	-
Barbados	1 000	-	-	1 000	-
Belgium	11 364	15 518	-	26 882	-
Botswana	-	125	-	-	125
Canada	2 000 000	2 000 000	-	2 000 000	2 000 000
Colombia	-	70 000	-	70 000	-
Cyprus	-	429	-	429	-
Democratic Yemen	250	-	-	250	-
Denmark	-	1 547 980	-	969 468	578 512
Egypt	114 996	268 341	-	255 558	127 779
Finland	-	195 000	-	195 000	-
France	-	100 000	-	100 000	-
Germany, Federal Republic of	-	4 285 714	-	4 285 714	-
Honduras	500	-	-	-	500
Hungary	3 619	397	4 016	4 016	4 016
Iceland	1 500	-	-	-	1 500
India	245 740	237 342	-	483 082	-
Iran	3 000	3 000	3 000	6 000	3 000
Iraq	10 000	-	-	10 000	-
Ivory Coast	10 000	-	-	-	10 000
Japan	-	2 519 339	-	2 519 339	-
Kuwait	-	20 000	-	-	20 000
Laos	1 667	(14)	-	-	1 653
Liberia	-	5 000	-	5 000	-
Libyan Arab Republic	-	5 000	-	5 000	-
Madagascar	760	597	-	913	444
Malta	253	273	-	526	-
Morocco	4 000	352	-	4 352	-
Nepal	-	2 000	-	2 000	-
Netherlands	500 000	4 001 125	-	4 501 125	-
New Zealand	23 738	137 030	-	137 030	23 738
Norway	2 121 212	321 003	-	2 442 215	-
Pakistan	500 000	-	-	103 364	355 636
Philippines	276 119	250 000	-	220 746	305 373
Qatar	-	10 000	-	10 000	-
Republic of Korea	-	10 000	-	10 000	-
Republic of Viet-Nam	1 000	-	-	1 000	-
Senegal	-	19 608	-	19 608	-
Singapore	-	25 266	-	12 766	12 500
Somalia	4 000	-	-	500	3 500
Sri Lanka	-	7 193	7 500	7 193	7 500
Swaziland	1 000	1 000	-	-	2 000
Sweden	-	3 571 429	-	3 571 429	-
Switzerland	151 899	7 252	-	159 151	-
Thailand	33 605	-	40 000	33 605	40 000
Togo	-	1 174	-	1 174	-
Tunisia	-	5 000	-	5 000	-
United Kingdom of Great Britain and Northern Ireland	1 995 305	2 140 206	-	3 426 291	709 220
United States of America	14 979 196	17 982 463	-	10 363 369	22 598 290
Yugoslavia	3 000	-	-	3 000	-
<b>TOTAL</b>	<b>23 382 230</b>	<b>39 809 610</b>	<b>54 516</b>	<b>36 399 070</b>	<b>26 847 286</b>

Allocations for approved projects as at 31 December 1973  
(Expressed in US dollars)

Organization	Accumulated allocations 31 December 1972	Allocations issued in 1973	Total	Accumulated remittances	Accumulated expenditure	Provision for 1973 and prior years' unexpended allocation	Net remittances accountable by agencies	Net remittances payable to agencies
United Nations	12 245 843	15 002 219 <sup>1/1</sup>	27 248 062	18 704 033	24 753 838	2 494 224	-	6 049 805
FAO	613 273	1 215 851	1 829 124	1 362 823	1 693 109	136 015	-	330 286
ILO	978 131	3 844 888	4 823 019	2 863 000	5 211 530 <sup>b/</sup>	(388 511)	-	2 348 530
UNESCO	1 853 012	3 725 065	5 578 077	4 135 000	5 170 117	407 960	-	1 035 117
WHO	6 824 677	11 706 015	18 530 692	14 600 000	15 381 220	3 149 472	-	781 220
UNIDO	17 245	25 255	42 500	42 500	17 245	25 255	25 255	-
UNICEF	3 360 273	4 435 081	7 795 354	5 908 650	5 297 270	2 498 084	611 380	-
UNDP	405 444	3 133 738	3 539 182	2 150 015	2 273 308	1 265 874	-	123 293
IPPF	1 272 445	527 065	1 799 510	1 903 623	1 724 258	75 252	179 365	-
IBRD	-	400 000	400 000	400 000	400 000	-	-	-
<b>TOTAL</b>	<b>27 570 343</b>	<b>44 015 177<sup>a/</sup></b>	<b>71 585 520</b>	<b>52 069 644</b>	<b>61 921 895</b>	<b>9 663 625</b>	<b>816 000</b>	<b>10 668 251</b>

a/ Does not include allocations for future years of \$25 614 203.

b/ Includes unliquidated obligations of \$843 762 for 1972 to be adjusted in the consolidated financial statements.

Adjustment to the balance of unencumbered funds,  
1 January 1973, to reflect annualized funding  
(Expressed in US dollars)

Balance available 1 January 1973		26 535 299
<u>Add:</u> Adjustments		
(a) Rephasing of prior 'years' allocations	17 815 937	
(b) Adjustment of 1972 and prior years' expenditure of NGOs	461 278	
(c) Reversal of 1972 unliquidated obligations	<u>157 870</u>	<u>18 435 085</u>
		44 970 384
<u>Less:</u> Provisional operational reserve <u>a/</u>		<u>20 000 000</u>
Adjusted balance 1 January 1973		<u><u>24 970 384</u></u>

a/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2 (E/5256 and Corr.1), para. 299.

Schedule 5

Expenditure for the year ended 31 December 1973  
(Expressed in US dollars)

	1973 expenditure			Total 1973	Total 1973
	Agencies' expenditure reported in 1973 for prior years	Agencies and NGOs	Administrative and other		
Personnel services	4 247 348	5 718 614	1 532 939	7 251 553	11 498 901
Subcontracts	877 284	1 328 379	-	1 328 379	2 205 663
Training	2 171 188	3 291 615	-	3 291 615	5 462 803
Equipment and supplies	893 933	3 513 030	23 872	3 536 902	4 430 835
Administrative overhead	908 162	1 160 035	-	1 160 035	2 068 197
Miscellaneous	16 181 148	28 540 374	746 618	29 286 992	45 468 140
<b>TOTAL</b>	<u>25 279 063</u>	<u>43 552 047</u>	<u>2 303 429</u>	<u>45 855 476</u>	<u>71 134 539</u>



#### IV. REPORT OF THE BOARD OF AUDITORS

1. The Board of Auditors, established under General Assembly resolution 74 (I), is required to audit the accounts of the United Nations Fund for Population Activities in accordance with article XII of the United Nations Financial Regulations and Rules and the annex thereto.

2. The Administrator submitted to the Board of Auditors the following financial statement and supporting schedules for the year ended 31 December 1973:

- Statement I. Status of funds as at 31 December 1973
- Schedule 1. Interest-bearing bank deposits as at 31 December 1973
- Schedule 2. Status of pledges unpaid as at 31 December 1973
- Schedule 3. Allocations for approved projects
- Schedule 4. Adjustment to the balance of unencumbered funds, 1 January 1973, to reflect annualized funding
- Schedule 5. Expenditure for the year ended 31 December 1973

#### Scope of audit

3. The responsibilities of the Board of Auditors are governed by the principles set out in the annex to the Financial Regulations and Rules of the United Nations referred to in article XII, paragraph 1 of which reads as follows:

"The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:

"(a) That the financial statements are in accord with the books and records of the Organization;

"(b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;

"(c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;

"(d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;

"(e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surpluses and deficits."

4. The examination of the accounts and financial statements was carried out in conformity with generally accepted auditing standards and included a general review of accounting procedures and the system of internal control and such tests of the accounting records and supporting evidence as were considered necessary in the circumstances.

5. During the course of the work, liaison was maintained by the Board with the Joint Inspection Unit, the Panel of External Auditors of the United Nations and Specialized Agencies and the Internal Audit Service, in order to avoid duplication of effort and overlapping of work.

#### New and separate identity of UNFPA in 1973

6. In response to General Assembly resolution 2211 (XXI), the Secretary-General, in 1967, established a trust fund, subsequently named the United Nations Fund for Population Activities (UNFPA), which he administered in accordance with regulations 6.6 and 6.7 and rules 106.2 and 106.3 of the Financial Regulations and Rules of the United Nations during the years from 1967 to 1972, inclusive.

7. By resolution 3019 (XXVII) of 18 December 1972, the General Assembly decided, on the recommendation of the Secretary-General, to change the character of UNFPA from a trust fund of the Secretary-General into a fund established under the authority of the General Assembly. By the same resolution, the UNDP Governing Council was made the governing body of UNFPA.

#### Financial Regulations and Rules applicable to UNFPA in 1973

8. The Executive Director of UNFPA informed the Governing Council at its fifteenth session in January 1973 that, in consultation with the Administrator of UNDP, he proposed to work out funding principles for UNFPA similar to those of UNDP. Following its review of his report, the Governing Council authorized the Executive Director:

"(a) To continue to conduct the financial operations of the Fund on a provisional basis under the appropriate Financial Regulations and Rules of UNDP, taking into account the separate identity and character of the Fund;

"(b) To depart from a system of full funding and establish on a provisional basis an operational reserve of \$20 million." 1/

Furthermore, the Executive Director was requested to submit to the Governing Council at its sixteenth session draft Financial Regulations and Rules for the Fund.

9. At its sixteenth session, in June 1973, the Governing Council of UNDP was informed that the draft Financial Regulations and Rules had not yet been considered by the Advisory Committee on Administrative and Budgetary Questions. As a result, the Governing Council again authorized the Executive Director of UNFPA, in consultation with the Administrator, to continue to conduct the financial operations of the Fund on a provisional basis under the appropriate Financial Regulations and Rules of UNDP, taking into account the separate identity and character of the Fund. This meant that the UNFPA was required to apply the UNDP Financial Regulations and Rules to the 1973 accounts and financial statements.

1/ Official Records of the Economic and Social Council, Fifty-fifth Session, Supplement No. 2 (E/5256 and Corr.1), para. 299.

10. Subsequently, at its seventeenth session, in January 1974, the Governing Council formally approved the Fund's Financial Regulations and Rules (DP/36 and Corr.1), effective 1 January 1974, which are essentially the same as the corresponding Financial Regulations and Rules of UNDP (DP/2/Rev.1 and Add.1).

#### Major findings and recommendations

11. In the discharge of its responsibility to the General Assembly, the Board of Auditors submits its comments arising from the audit of the accounts and financial statements of UNFPA.

#### Accounts and financial statements submitted for audit

12. It was not until 27 August 1974 that the Administrator of UNDP submitted for audit, in accordance with rule 114.2 and regulation 15.1 of the UNDP Financial Regulations and Rules, the final statement with supporting schedules showing the status of the UNFPA account as at 31 December 1973. An earlier set of financial statements had been submitted to the Board on 14 June 1974, but were subsequently withdrawn by the Administration in order to make certain adjustments and corrections arising as a result of the audit.

13. Because of the decision to depart from a system of full funding, the 1973 accounts were maintained and the financial statements were prepared in accordance with the annual funding concept. However, this concept as applied by UNFPA varied from the annual funding concept as applied by the UNDP. The major differences are outlined in the following paragraphs.

#### Effects of departure from full funding to annual funding

14. In order to release previously committed resources for new programming on 1 January 1973, \$17,815,837, the balance of unspent allocations issued to executing agencies (schedule 4), was transferred back to the Fund thereby increasing the balance available for new programming. However, the procedure followed at 31 December 1973 was not consistent, because the resources of the Fund remained charged with \$9,663,625, representing the balance of the 1973 allocations which had not been spent (schedule 3). Under the annual funding concepts of UNDP, this amount would have been added back to the over-all resources of the Fund and project budgets would have been rephased and rescheduled for delivery during 1974 and future years.

15. Furthermore, at 31 December 1973, the resources of the Fund were charged with unliquidated obligations of \$10,977,748 applicable to 1974 and subsequent years. Under the annual funding concepts applied by UNDP, this amount would not have been charged to the resources of the Fund until the year in which the actual disbursements were made.

16. Thus, if the UNDP annual funding concepts had been applied by UNFPA in 1973,

the balance of \$14,443,344 shown for unencumbered funds at 31 December 1973 would have been increased by \$9,663,625 and \$10,977,748 to a total of \$35,084,717.

17. In the Board's view, the annual funding concept should have been applied on a consistent basis in reporting the financial results of operations to the General Assembly and the Governing Council, which is the governing body for both UNDP and UNFPA.

#### Contributions from Governments

18. The 1973 income of \$42,639,915 includes \$2,686,110, representing contributions from five Governments which were earmarked for specific purposes. Although the practice of accepting restrictive contributions is not in accordance with rule 6.5 of the UNFPA Financial Regulations and Rules, the Governing Council, at its seventeenth session in January 1974, specifically approved the continuation of this practice. 2/

19. The Board recommends that such restrictive contributions be shown separately in the financial statements since they represent resources which are not available for programming the Fund's regular work plan.

#### Shortfalls in implementation of programmes

20. The UNFPA issued allocations to agencies of \$44,015,177 for the implementation of projects in 1973 (schedule 3). Agencies reported expenditures of \$23,373,804 for 1973 indicating a shortfall in implementation of \$20,641,373, or approximately 47 per cent. This significant shortfall would indicate planning which is over-optimistic. Furthermore, the subsequent rephrasing of shortfalls will reduce the agencies' ability to deliver new programmes in 1974 and future years.

#### Accounts and financial statements

21. An important objective in the preparation of financial statements is to provide information useful for evaluating the effectiveness of the management of resources by comparing planned targets of expenditures with actual expenditures. The financial statements for 1973 do not disclose the current year's shortfall in implementation and do not permit an evaluation of the results of project implementation for the current year. Consequently, the Board recommends that, in future years, the financial statements incorporate a more meaningful presentation of the available data with a view to making such evaluations possible.

22. In schedule 5, approximately \$45.5 million, or 64 per cent of the total expenditure of \$71.1 million, is shown as miscellaneous expenditure, because some agencies reported all expenditure under that heading. Consequently, the Board suggests that, in future years, agencies should be requested to furnish more detail with respect to expenditure thereby permitting UNFPA to report more fully and accurately.

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2/ Ibid., Fifty-seventh Session, Supplement No. 2 (E/5466), para. 202.

## Grants to non-governmental organizations

23. A significant part of the UNFPA programme, \$6.5 million, was implemented through non-governmental organizations, allocations to which are classified as grants and are recorded in the accounts as miscellaneous expenditures. However, the NGOs are required to report on the expenditure of these grants.

24. The Board's examination revealed that the majority of the NGOs had not submitted the required expenditure reports. As a result, a current evaluation and assessment of the implementation of the NGO programmes was not possible. The Board was informed that a follow-up on the required reports would be instituted.

25. The Board recommends that the policy and procedures relating to the disbursement of funds in the form of grants should be reviewed to ensure that adequate controls exist.

### Acknowledgement

The Board of Auditors records its appreciation for the co-operation and assistance extended by the Secretary-General, the Executive Director, the Administrator and their staff.

(Signed) Abdul HAMID  
Auditor-General of Pakistan

J. J. MACDONELL  
Auditor-General of Canada

J. E. ESCALLON O.  
Controller-General of Colombia

21 November 1974

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### كيفية الحصول على منشورات الأمم المتحدة

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