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at 3 p.m.  
New York

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SUMMARY RECORD OF THE 5th MEETING

Chairman: Mr. VAHER (Canada)

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

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The meeting was called to order at 5.15 p.m.

AGENDA ITEM 128: PATTERN OF CONFERENCES (A/44/32 and A/44/502; A/43/586, A/44/135 and Add.1 and A/44/221)

1. Miss FRIESSNIGG (Chairman, Committee on Conferences), introducing the report of the Committee on Conferences (A/44/32), said that it had met for the first time that year as a permanent subsidiary organ of the General Assembly, under its new terms of reference set out in General Assembly resolution 43/222. At its organizational session, the Committee had established a biennial programme of work whereby items pertaining to meetings were to be considered during the 1989 substantive session while questions relating to the control and limitation of documentation would be discussed in 1990.
2. The draft calendar of conferences and meetings (A/44/32, annex III) reflected an effort to distribute meetings evenly throughout the year in order to encourage better utilization of conference facilities and established resources, to limit the use of costly temporary personnel and to avoid as far as possible the overlapping of meetings relating to the same sector in the same location. An important aim of the discussion had been and would continue to be to find the best way to enable delegations to devote sufficient attention to all the meetings that interested them, which required the timely distribution of the relevant documentation.
3. It was likely that during the current session of the General Assembly proposals affecting the calendar of conferences would as in the past be made. The Committee on Conferences would, pursuant to General Assembly resolution 35/10 A, be discussing such proposals and determining the extent to which meetings could be added to the draft calendar without causing undue administrative difficulties.
4. In the discussions on the draft calendar, some representatives had drawn attention to the current distribution of conference activities among the conference-servicing locations of the United Nations. The Committee had agreed that the Secretariat should provide information on that issue for further discussion, including revised versions of documents containing information on conference resources, services and facilities within the United Nations.
5. The Committee again had before it the statistics on the utilization of conference services based on a core sample of United Nations organs that had been meeting on a regular basis for the past seven or eight years and, for the first time, it had also considered the statistics of the United Nations Conference on Trade and Development (UNCTAD). The improved utilization of conference services by a number of bodies had been noted, as had also some instances of relatively low utilization. On the basis of the statistics considered, letters had been addressed to 12 bodies urging them to make better use of the conference services available to them.
6. The Committee had agreed that, although the statistics were useful, they did not always provide the full picture of the overall efficiency of a given body. It had made appropriate recommendations on the utilization of conference-servicing

(Miss Frieusnigg)

resources, which were contained in draft resolution A in the report. In addition, several recommendations on providing services for informal consultations had been made (A/44/32, para. 45).

7. It should also be noted that, at the invitation of the Economic and Social Council, the Committee on Conferences had for the first time that year reviewed the draft calendar of conferences in the economic and social fields, which marked a significant step towards further co-operation between those two bodies.

8. In draft resolution B, the Committee had recommended the extension for a further year of the period during which, with a few exceptions, no subsidiary organs of the General Assembly would receive summary records, in anticipation of more detailed consideration of the matter during its 1990 substantive session. The Committee had also welcomed with appreciation the decision of the Board of Trustees of the United Nations Institute for Training and Research (UNITAR) to discontinue its request for summary records.

9. Pursuant to General Assembly resolution 43/222 B, the Committee had reviewed a report of the Secretary-General on recurrent publications of the United Nations and discussed the possibility of introducing certain rules for better control of such publications. Further information had been requested from the Secretariat on that and other facets of the publications programme.

10. In its consideration of the possibility of central planning and co-ordination of all organizational aspects of conference servicing, the Committee had noted that before making a detailed analysis of that question it would await the outcome of deliberations in the Assembly on the implementation of recommendations 2 and 8 of the Group of High-level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations (Group of 18).

11. The Committee had reviewed an outline of the draft medium-term plan for the period 1992-1997 in the area of conference and library services, prepared by the Department of Conference Services (A/44/32, chap. VII). Many delegations had expressed the view that timetable of meetings of the Committee on Conferences did not allow it to make the fullest possible input into the consideration of the final draft of the medium-term plan. The Committee had therefore decided to hold meetings early in 1990 in order to enhance its input into the final draft plan before it was discussed in the Committee for Programme and Co-ordination (CPC).

12. The Committee on Conferences had reviewed the programme performance report of the Department of Conference Services for 1986-1987. The comments made by members of the Committee on that report had been conveyed to CPC. The Committee on Conferences had also reviewed a draft of the report of the Secretary-General on the implementation of General Assembly resolution 42/207 C on equal treatment of the official languages of the United Nations, which was currently before the Assembly.

13. The Committee had also considered an oral Secretariat report on the applications of new technology to conference servicing. There had been much emphasis on many aspects of the question and great interest in them, including

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(Miss Friessnigg)

applications of computer technology, telecommunications, and the establishment of electronic linkages, in all areas of conference servicing.

14. The Committee had also given consideration to the best way of addressing other areas of its work programme in accordance with its new terms of reference. Special attention had been given to means of ensuring an improved co-ordination of conferences within the United Nations system, including conference services and facilities, and as a first step, the Committee had asked its secretariat to prepare a detailed report on the current status of co-ordination. In addition, in view of the fact that the Administrative Committee on Co-ordination (ACC) was also responsible for matters of policy and co-ordination within the system, she had, as Chairman of the Committee on Conferences, addressed a letter on its behalf to the Chairman of ACC requesting comments on the subject of system-wide co-ordination of conference activities, as well as information on current or planned practical arrangements in that area.

15. Similarly, the Committee on Conferences had discussed the review of the Department of Conference Services as envisaged by the Secretary-General in his final report (A/44/222) to the General Assembly on the implementation of resolution 41/213. The Committee had agreed that it should play a role in that review.

16. In conclusion, the basic tenet of working on the basis of consensus was the willingness of Member States to come to agreements, to find the common ground and to build from that foundation. The Committee on Conferences had been governed by its new terms of reference and its report was a summary of what had been accomplished thus far, as well as an indication of what had been started and what remained to be done.

17. Mr. WYZNER (Under-Secretary-General for Conference Services and Special Assignments) said it was noteworthy that the Committee on Conferences, during its first year as a permanent subsidiary organ of the General Assembly with expanded terms of reference, had managed to deal in some detail with how best to fulfil that new mandate, as well as with all of the other important items on its agenda concerning United Nations meetings, documentation and publication programmes.

18. With the adoption of resolution 41/213, the General Assembly had set in motion a series of reforms aimed at improving the administrative and financial functioning of the Organization. Those reforms had been rendered necessary by, among other things, the expansion of the United Nations agenda, which had inspired parallel developments in the intergovernmental machinery and in the level of resources required to keep that machinery in motion.

19. Although the General Assembly had recognized that the managerial and technological innovations had yielded benefits as a means of rationalizing the planning and servicing of the calendar of conferences and its related documentation and achieving a more efficient use of the reduced level of available resources, other factors had detracted from those benefits. As noted in the report of the Secretary-General on the work of the Organization (A/44/1), the decrease in demand for conference and documentation services envisaged by the Group of 18 as a result

(Mr. Wynner)

of the reforms had not occurred. Few bodies had decided to schedule biennial rather than annual meetings or to reduce the duration of their sessions. As a result, the current calendar of meetings was not significantly different from that which had existed before the reform process began.

20. Recent international developments, a heightened awareness of global socio-economic and environmental concerns, as well as the increase in the Organization's peace-making and peace-keeping activities, had demanded greater support from the Secretariat, not only in terms of substantive services but also in terms of conference and administrative services. Three special conferences were scheduled to take place during 1990 alone, so that while every effort had been made to schedule the conferences in the most efficient way possible, it would be difficult for the Department to service the meetings programme solely with its permanent establishment.

21. The review of the calendar of conferences and meetings was a primary task of the Committee on Conferences, as its preparation and implementation were for the Department of Conference Services. The calendar represented a quantifiable definition of the Department's work-load. As many delegations in the Committee on Conferences had come to recognize, the Department of Conference Services was in a unique position vis-à-vis other areas of the Secretariat in that it had less control over the volume or timing of its work-load. To compensate, the Department continually strove to form future programmes of work in which forward-looking vision and practicality were blended.

22. In that context, the Department was constantly reviewing and assessing its co-ordinating mechanisms in order to effect appropriate adjustments so as to utilize conference resources and facilities world wide to their best advantage. One of those mechanisms was the conduct of interdepartmental consultations for the purpose of determining meeting dates and venues for intergovernmental or expert bodies that took into account, on the one hand, the servicing needs of the bodies concerned and, on the other hand, the physical and budgetary limitations confronting conference services. Nevertheless, last-minute meeting cancellations or the late submission of documents for processing could make it necessary to incur overtime or temporary assistance expenditures or result in a wastage of resources.

23. The consultative process and refinements in the development and implementation of the programme of conferences and meetings for 1990-1991 had made it possible to design the calendar as a flatter and more even meetings schedule. That notwithstanding, there still remained peak periods of activity during which the programme was unavoidably above the permanent capacity of conference services and would, therefore, require expenditures of temporary assistance funds. While the Secretariat had been able to propose a modest reduction in the amount of temporary assistance for the 1990-1991 biennium, the full level of funding requested was essential to meet the servicing obligations. It should be noted that the approved calendar of conferences before the Committee was representative of only a part of the output required of conference services which included some ad hoc consultations and regional group meetings, such as those of the non-aligned countries and the Group of 77.

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(Mr. Wynner)

24. The attention of the Committee on Conferences and of the Secretariat must be focused on the utilization of the resources earmarked for meetings servicing. The Committee on Conferences continued to review statistical data on the utilization by a core sample of bodies and had consulted with the chairmen of those bodies whose utilization factor was below a satisfactory level. The efforts of the Committee had resulted in raising the overall utilization level to 76 per cent.

25. Added to meeting and documentation servicing responsibilities were the processing requirements in relation to the Organization's consolidated publications programme. The Secretariat was pleased to be able to present a report on the results of reviews undertaken by the responsible intergovernmental bodies in order to establish the continued usefulness of such publications.

26. The Department of Conference Services would continue to assist the Committee in its efforts to determine ways and means that might ensure the optimum utilization of conference facilities and services, for it was in the 1990-1991 biennium that conference services would face the full implications of a reduced staffing force. The invaluable guidance provided by Member States through the Committee on Conferences, the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee had enabled the Secretariat to examine its administrative and budgetary plans and to assess the past performance of conference services.

27. At its 1988 and 1989 sessions, the Committee on Conferences had been able to review, respectively, the draft medium-term plan for conference and library services, as extended through 1991, and the draft outline for the medium-term plan for the period 1992-1997. It had also been able to review the performance report on conference and library servicing activities during the biennium 1986-1987 at its most recent session. The comments and suggestions offered by the membership on those occasions would be fully taken into account when preparing the full plan for review again by the Committee on Conferences and the General Assembly at its forty-fifth session.

28. For the 1992-1997 medium-term plan period, the main objective of conference and library services would be continued efforts to deliver those services in as responsive, cost-effective and co-ordinated a manner as possible. Given the enhanced role of the Organization in the preservation of international peace and security and the alleviation of a wide range of economic, social, legal and environmental problems, an increase in the number of meetings and conferences during the period of the medium-term plan seemed likely. On the other hand, it should also be recognized that ongoing studies of the United Nations intergovernmental structures and functions in certain areas - most notably in the economic and social sectors - could potentially lead to some streamlining in the demand for services. Taking those considerations into account, the Department of Conference Services formed the conclusion that its plan should be conceived on the assumption that, although the general level of its activities might well balance out at the maintenance of current levels, the concept of the quantity of its work-load should be regarded as a rather fluid one, which could be affected by many factors, most of which were well outside the control and domain of the Department.

(Mr. Wyzner)

The Department's concentration would therefore focus on its flexibility and responsiveness, while ensuring that resources were utilized judiciously. That did not mean that it would be complacent in the face of problems such as the late submission of manuscripts or last-minute meeting cancellations. It was the Department's ambition further to develop co-operation with other parts of the Organization, both intergovernmental and within the Secretariat, in tackling such problems.

29. The ultimate goal of the Department was to continue to provide a cohesive, cost-effective pool of conference-servicing resources among the various components of United Nations conference services, while ensuring full respect for the application of relevant General Assembly resolutions. It anticipated that the employment of new technologies would facilitate its work and make it possible to make the best use of resources from the various parts of the world.

30. He hoped, with the support of Member States, to introduce technological innovations as a means of improving methods, conditions and quality of work and also offsetting the impact of staff reductions.

31. One of those innovations was the Document Records, Information and Tracking System (DRITS) which would permit a fast and accurate tracking of documents and facilitate work-load planning and work-flow management. It was also planned to introduce an integrated, computer-based information system database and network for meetings planning and servicing and interpretation scheduling, which would facilitate the preparation of analytical reports and statistics on the provision of conference services for submission to the competent bodies.

32. In the Translator Division, it was planned to achieve a machine-assisted translation programme and computer-based reference and terminology systems. Furthermore, the introduction of optical disc technology was envisaged to permit full-text storage and high-speed retrieval capabilities. The system would be linked with the United Nations Bibliographic Information System (UNBIS) developed by the Dag Hammarskjöld Library, and was expected to have great potential for gains in efficiency in the distribution, storage and retrieval of documentation.

33. Certain goals in the current medium-term plan had had to be deferred for lack of sufficient funding. His Department was committed to its automation plans, counted on the understanding of the Committee on Conferences and the Advisory Committee and hoped to obtain the support of the General Assembly.

34. The Advisory Committee, in the context of its review of the proposed programme budget for conference and library services for the biennium 1990-1991, had made constructive observations. The Secretariat was preparing reports requested by the Advisory Committee concerning a review of the present situation of conference services in Vienna. His Department believed in a unified structure for Vienna conference service and remained dedicated to filling vacant language posts.

35. At its session in 1988, the Committee on Conferences had briefly discussed the intention of the Secretary-General, announced in his final report on the

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(Mr. Wyzner)

implementation of General Assembly resolution 41/213 (document A/44/222), to invite, during the biennium 1990-1991, "a fresh outside look to determine whether the productivity and efficiency of the Department [of Conference Services] could be further enhanced". He [Mr. Wyzner] assured the Fifth Committee of the Secretariat's unwavering determination to rationalize the Department of Conference Services but pointed out that the Secretariat also needed feedback and input from Member States. The Committee on Conferences had decided to play a part in the review referred to in the report in the light of its terms of reference. The precise role it would play in the exercise would be determined at its organizational session early in 1990.

36. Referring to the report of the Secretary-General on the implementation of General Assembly resolution 42/207 C on equality in the treatment of official United Nations languages (document A/44/502), he stated that the Secretariat fully shared the concerns of Member States on that issue and that every effort was made to continue to ensure that language services were delivered with full respect for the relevant General Assembly resolutions.

37. In concluding, he remarked that the function of the Department of Conference Services, as its name indicated, was to provide services and, although not in the forefront of the Organization's operations, conference services were often viewed as the pillars of communication in the Organization.

38. Mr. KOJIC (Joint Inspection Unit) introduced the reports of the JIU on representation of the United Nations system at conferences and meetings (A/43/586 and A/44/135) and observed that one of the reasons for including that issue in the programme of work of the JIU for 1988 was the fact that the participation of representatives of the organizations in the United Nations systems at meetings and conferences had been deficient on several occasions.

39. His study of that problem was published in two parts: Part A (A/43/586) referred to the United Nations, while Part B (A/44/135) referred to the specialized agencies. The objective of the reports was to review the existing procedures and mechanisms in order to recommend ways to increase efficiency and reduce costs, without discouraging participation as such by organizations in conferences and meetings, except where unnecessary.

40. In those reports, he had reviewed the legal bases, invitations, procedures and mechanisms for determining representation, types of participation in conferences and meetings, financial aspects, monitoring procedures and the possible use of new technologies. Regrettably, however, the secretariats had not provided precise financial and statistical information.

41. In theory, all procedures and arrangements for representation at conferences and meetings should be subject to a systematic process of co-ordination within each organization and at the system-wide level. In practice, there was much room for improvement.



(Mr. Kojic)

42. At the United Nations, the instructions on staff travel to conferences, which appeared in document ST/FGB/207/Rev.1 of the Secretary-General, had been revised while the report was being prepared and under that revision the direction and control functions were centralized, in accordance with the report's recommendations. In the specialized agencies, there was a wide variety of procedures, and regrettably, no co-ordination. Among his thoughts on harmonization of procedures and practices, he recommended that invitations be sent only to Executive Heads. Each secretariat should have a decision-making process to determine acceptance or refusal of an invitation. The number of participants should be restricted to the minimum in order to reduce costs, while maintaining active participation. Reporting on and monitoring of procedures were also important. Finally, the use of new technologies should be considered.

AGENDA ITEM 121: FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/44/5 Add.1, Add.3, Add.4, Add.5 and Add.7, A/44/356, A/44/537, A/44/541, A/44/543, and A/44/544)

43. Mr. NASSER (Egypt) said that the Chairman of the Board of Auditors had indicated that the new format of the reports of the Board responded to the request contained in paragraphs 10 and 11 of General Assembly resolution 43/216. The General Assembly, however, had asked the Board only to study the desirability and feasibility of making its reviews more comprehensive and to report accordingly. He wondered why the Board had proceeded to that more comprehensive examination without prior notice to the General Assembly. The mandate of the Board, stipulated in the financial rules, did not allow for any review of the programmatic aspects of the work of audited organizations and programmes.

44. His delegation wished to know on what legislative authority the list of programmes and organizations included in the mandate of the Board of Auditors had been based, and how the Secretariat and the Board had interpreted the terms of reference in relation to paragraph 10 of resolution 43/216, regarding the auditing of accounts for peace-keeping operations.

45. In general, the organizations were applying the recommendations of the Board satisfactorily. It was disturbing, however, that the Board had given a qualified opinion on the accounts of UNDP for the third consecutive year. The UNFPA had received an unqualified report, on which it should be commended, especially considering the special circumstances and needs of its work. A relative improvement in the case of UNITAR had been achieved and further improvement was expected. As far as UNDP and UNFPA were concerned, stricter budgetary controls should be applied. In all the organizations, any abuse or misuse should be subject to investigation and disciplinary action.

46. His delegation placed great importance on prudent financial management throughout the United Nations system and in UNDP in particular. While he observed with pleasure that six of the nine concrete problems which brought about a qualified opinion on UNDP in 1987 had been resolved, he also noted that deficiencies still existed, and he urged the Governing Council of UNDP to make every effort to correct those errors. In addition, greater co-operation was needed

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(Mr. Nasser, Egypt)

among programmes, executing agencies and governments to better utilize the resources allocated for more timely execution of programmes, given the pressing needs of developing countries.

47. Considering the importance of the work of the Board, its reports should be made available well in advance.

48. Mr. SANGA (United Republic of Tanzania) said that several recommendations and observations of the Board of Auditors relative to utilization of resources gave cause for concern, when the efficient use of resources was indispensable to the implementation of activities of the Organization.

49. The UNDP Administration and Governing Council must address the question of liquidity, so that available resources could be fully programmed for the benefit of recipient countries. The inability to utilize such a large accumulation of resources required an explanation, and UNDP officials should present it to the Fifth Committee at the current session.

50. Another cause for concern was the delay of some organizations in submitting relevant material to the Board of Auditors. His delegation agreed with the recommendations of the Board of Auditors and the Advisory Committee that the observations of those administrations should be part of the Auditors' Report and should not be presented in a separate section.

51. With respect to classification of programme costs, programme support and administrative costs, it should be noted once again that the Board had submitted comments on that issue. His delegation concurred with the position of the Advisory Committee.

52. The tendency of some administrations to utilize project funds to establish posts at Headquarters should be stopped. Any attempt to reduce financial resources for field projects through the creation of posts at Headquarters should be strictly controlled.

53. He hoped that the question of unliquidated obligations would soon be resolved. His delegation welcomed the recommendations of the Panel of External Auditors to investigate the extent of abuse in the current practice of obligating funds and looked forward to receiving more information from the Board of Auditors in its future reports.

54. The weaknesses noted by the Board in UNRWA called for immediate remedial action, and its officials should offer explanations to the Committee.

55. His delegation shared the views of the Board and the Advisory Committee regarding UNITAR. The case of the individual who received \$30,000 in the name of UNITAR indicated that there was a serious problem concerning the receipt and management of funds. They were also of the same view as the Board and the Advisory Committee that, in the case of trust funds, no projects should be initiated until there was firm assurance that funds were available.

56. Mr. DANKWA (Ghana) said that the reports of the Board of Auditors were intended not only to expose abuses in financial management, but also to improve planning and execution. The ability of an organization to apply resources exclusively to projects or programmes for which they were budgeted was no greater reflection of its efficiency than the ability to predict with great exactitude the resources required.

57. It was regrettable that the views of the Board of Auditors and the Advisory Committee on the measures of the various administrations to apply their recommendations had not been made available to the Committee. Consequently, he could only take note of the report presented in document A/44/541 and request the Board and the Advisory Committee to examine it and report, with recommendations, to the General Assembly at its next session. In the mean time, his delegation urged the various administrations to strengthen internal controls to ensure budgetary discipline, and possibly, savings, to the organizations. In that regard, it should be observed that the practice of issuing allotments for shorter periods, which was utilized in the 1986-1987 biennium, and which resulted in savings, could serve as a mechanism for better and more effective control. Consequently, serious thought should be given to the possibility of replacing annual allotments by quarterly allotments, which would also encourage more frequent reviews of expenditure reports.

58. The improvements in the presentation of the reports were welcome. The presentation of a summary of the Board's principal findings and recommendations which were applicable to all of the organizations facilitated comparative studies and should be maintained. However, the responses of the administrations should not continue to be included in the reports. It was not the Committee's role to determine whether the Board or the administration was right, but rather to seek ways of formulating policies so as to ensure efficient financial and administrative management. Administrations should be given the opportunity during the auditing process and before the issue of the Board's final report to explain their actions. He noted with concern that some administrations had not been able to submit their comments on the audit reports or had chosen not to do so. He urged them to fulfil their responsibilities in the future.

59. Once again, the Board had issued a qualified opinion on the UNDP account. In a situation in which 32.4 per cent of programme expenditure incurred by executing agencies and almost 100 per cent of Government-executed expenditure could not be audited, the Board was justified in its decision. However, it was encouraging to note that the biennial approach incorporated into the UNDP Financial Regulations and the establishment of an audit unit within the Division for Audit and Management Review would create the necessary conditions for the complete auditing of programme expenditures of all executing agencies. He hoped that the UNDP Administration would follow up its request to the executing agencies to provide information on local currency expenditure to permit UNDP to reconcile the balances recorded on individual projects with its own official records.

60. His delegation fully accepted the Board's recommendations and strongly urged the Committee to endorse them with a view to their early implementation.

(Mr. Dankwa, Ghana)

61. On the issue of unliquidated obligations, he shared the Board's view that compliance with generally accepted accounting principles, based on the concept of delivery of goods and services, provided the most appropriate guidance. The practice observed in some field offices of recording unliquidated obligations up to the unspent balance of allotted funds indicated a casual attitude towards planning and programming. It was not surprising that "savings" finally resulted from cancelled, i.e., unliquidated obligations. Savings should be seen as the difference between budgetary appropriation and actual expenditure at the completion of the project or programme; in circumstances in which goods and services had not been provided, savings could not accrue. With regard to the recording of unliquidated obligations as expenditure for the year in which a purchase order was issued, some flexibility was required. Expenditure should not be recorded when the purchase order was issued, but when payment was made. It should, however, be identified as separate from that year's budget appropriations.

62. While his delegation appreciated the Board's findings and recommendations on the scale of projects, it could not fully support them because there were many different factors to be considered in the formulation of country programmes, particularly for developing countries, which were not merely economic in nature. Furthermore, both UNDP and the beneficiary States participated in the formulation of the programmes. Accordingly, it might be advisable to refer the findings and recommendations to the Governing Council or any other appropriate intergovernmental body for further consideration.

63. The Board had also expressed a qualified opinion on the United Nations Population Fund (UNFPA) (A/44/5/Add.7) because of deficiencies similar to those observed with regard to UNDP. Concerning the failure to delineate between programme and administrative expenditure, he supported the Board's decision to qualify its opinion, despite the Administrator's explanations, because he strongly believed that serious efforts should be made to delineate between the two kinds of expenditure so that the cost efficiency of such projects or programmes could be more accurately evaluated.

64. In the case of the United Nations Institute for Training and Research (UNITAR) (A/44/5/Add.4), the Board of Auditors had expressed a qualified opinion because the Institute's expenditures had exceeded allotments by 19 per cent in respect of the General Fund and by 16 per cent in respect of the Special Purpose Grants Fund, not counting the programme support. Although the exceeding of allotments did not necessarily represent unauthorized or unappropriated expenditure, allotments should be closely monitored in order to maximize cost efficiency.

65. While he was concerned about the qualified opinion issued for an organization like UNITAR, which was devoted to training and research, he was particularly alarmed at the finding that the Institute was likely to incur substantial losses for long outstanding receivables and deferred charges for which no records were available. Several discrepancies in the balances of the accounts had been traced to lapses in accounting control, especially in the reconciliation of accounts. The only option seemed to be the one recommended by the Board, namely, that the possible losses should be provided for in the General Fund budget. However, it was

(Mr. Dankwa, Ghana)

necessary for the United Nations to institute appropriate measures to ensure that officials complied with the Financial Rules and Regulations.

66. He acted with satisfaction that the Board had issued unqualified opinions on the voluntary funds administered by the United Nations High Commissioner for Refugees (UNHCR) (A/44/5/Add.5) and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (A/44/5/Add.3), and that both organizations deserved congratulations. However, he urged UNRWA to heed the Board's recommendation that it should review its financial regulations with a view to bringing them into line with Regulation 4.3 of the United Nations Financial Regulations and Rules and with generally accepted accounting principles governing the definition of unliquidated obligations. At the same time, UNHCR should pay greater attention to the recording of overdue pledges and counterpart contributions, as well as the lapses observed in procurement, the late submission of projects and the monitoring of expendable property.

67. It was clear that the Committee paid a great deal of attention to the Board's reports and justifiably so, since the administrative and financial efficiency of the United Nations contributed to the fulfilment of the purposes of the Charter. However, it was regrettable that many of the findings and recommendations of the Board were not implemented, so that the same problems re-emerged as a matter of routine. Vigorous measures should be instituted to ensure accountability in the administrative and financial management of the Organization. His delegation was ready to contribute to the search for appropriate measures.

68. Mr. STAFFORD (Deputy Assistant Administrator, Bureau for Finance and Administration, United Nations Development Programme) said that UNDP greatly appreciated the importance of the work of the Board of Auditors, as was shown by the progress it had made in responding to the Board's comments, particularly on those issues which had previously led the Board to issue a qualified opinion. In accordance with its decision 84/40, the Governing Council considered the audit report each year, and therefore, in June 1990, the representatives of Governments would have the opportunity to review the report in greater detail, and particularly to review the action taken by UNDP in response to the auditors' findings. The auditors would be invited to the meetings. UNDP would continue to respond to the findings which were within its purview and would work closely with other United Nations organizations to respond to the comments which affected the system as a whole.

69. Mention had been made of the fact that UNDP had not provided its comments on the Board's observations prior to the finalization of the report. UNDP had received the 52-page report on 1 June 1989 and had been requested to respond by 15 June. The Governing Council had been meeting at the time, and virtually no senior staff members had been available to review the report thoroughly. Accordingly, it had been decided to postpone the review until staff members could give the report the attention which it deserved. UNDP, in co-operation with the Board, would attempt to resolve that problem so that its comments could be submitted on a timely basis.

(Mr. Stafford)

70. Concerning the reference to practices and procedures approved by the Governing Council and the possibility of tension and resistance affecting relations between the auditors and the UNDP Administration, he reiterated that the Governing Council considered the audit report each year, and also discussed UNDP procedures and practices at length. The Administrator was subject to the decisions of the Council and fully accountable to the Council. The UNDP Administration would continue to co-operate fully with the auditors as it had done in the past.

71. With regard to the problem of the accounting delineation between programme, programme support and operating expenditure, the UNDP Administration believed that problem should be discussed in further detail, so that all parties understood UNDP practice in that regard. For example, the UNDP biennial budget was called the "Programme support and administrative services" budget, which could create confusion. It was also important to state that the total amount in question was \$6 million: \$2.5 million under Programme Logistical Support Projects (PLSP) in the field and \$3.5 million under Project-Funded Posts at headquarters. In 1984 PLSP guidelines had been introduced, and had been explained to the Governing Council. The biennial budget reported the overall extent of those projects world wide. Efforts were made to ensure that resident representatives adhered to those guidelines and, when possible, that steps were taken to correct abuses. In the 1990-1991 biennial budget two PLSPs had been regularized after having been improperly formulated. While the Board of Auditors was of the view that all PLSPs should be incorporated in the biennial budget, the UNDP Administration believed that the administrative budget would consequently be charged for costs that were clearly project-related.

72. In 1988 guidelines had been issued on project-funded posts at headquarters and that policy had been explained to the Governing Council. Internal control mechanisms had been established to ensure adherence to those guidelines. While the Board believed that all posts in New York should be included in the biennial budget, the UNDP Administration believed that certain project activities should be carried out at headquarters. Many of those posts had been specifically approved by the Governing Council. Moreover, UNDP had clearly established policies regarding project-funded activities at headquarters and in the field.

73. While the UNDP Administration conceded that there were budgetary discipline problems, it did not believe that they were of sufficient magnitude to indicate an overall lack of budgetary control. Part of the problem was that allotments were reduced to a minimum in order to use budgetary resources prudently. It should be emphasized that, while staffing procedures accounted for 70 per cent of the overall budget, the Board of Auditors had not criticized those procedures. UNDP monitored budgetary expenditures very closely and had never exceeded the biennial appropriation that had been accorded by the Governing Council. Moreover, the Administrator had personally introduced the financial rule requiring adherence to allotments in order to foster financial accountability.

74. As to field offices, various problems were raised, some of which stemmed from the multiple nature of the activities, while other problems were procedural in nature and still others resulted from occasional management lapses. In 1989 UNDP

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had made progress with regard to those issues that were amenable to management intervention. For example, a budget-management module had been designed for the automated field-office accounting system, which would be introduced in all offices in 1990 and which included a local obligation element. Moreover, the end-of-year obligation policy had been reviewed and modified so as to reduce that aspect of the problem substantially.

75. While the problem was not of the same magnitude at headquarters, a number of steps had, nevertheless, been taken to improve the situation: a Headquarters Budget Management Manual had been issued; a computer-based budget-management tool had been prepared and made available to a number of organizational units; and a series of training workshops for unit certifying officers had been conducted. It was to be hoped that, by late 1989, all budget managers would have access through the computer system to allotment and expenditure information from the allotment ledger. As in the case of the field offices, those procedural improvements were achieved through continuous dialogue between the Budget Section and unit managers throughout the organization.

76. A few figures should be referred to in order to clarify further the situation regarding budgetary discipline. The total 1988 budget had amounted to \$154.3 million. Allotments in the field had exceeded \$520,000, which was less than 0.5 per cent of total allotments. Cost expenditure represented 91 per cent of allotments in the Regional Bureau for Asia and the Pacific, 92.7 per cent in the Regional Bureau for Arab States and European Programmes, 99.9 per cent in the Regional Bureau for Africa and 98.4 per cent in the Regional Bureau for Latin America and the Caribbean. The overall average was thus 96 per cent.

77. Several speakers had maintained that UNDP had deviated from generally accepted accounting principles in the recording of unliquidated obligations. Those principles were usually promulgated by recognized accounting bodies at the national level in order to harmonize financial reporting. Initially, they had been designed for the private sector. In 1973 the International Accounting Standards Committee (IASC) had been established to formulate and publish accounting standards to be used in the presentation of financial statements throughout the world. The issue of the applicability of the international accounting standards to the public sector was under consideration and, while several Governments used the IASC standards as guidelines, to date, international standards for governmental accounting had not been established. A study carried out by the Inter-American Accounting Association indicated that 13 of the 23 IASC standards were applicable to government entities. However, it did not consider the "delivery" principle to be applicable.

78. As indicated in document A/44/537, a study that had been conducted in the late 1970s under the auspices of the Administrative Committee on Co-ordination (ACC) had concluded that the IASC recommendations could serve as guidelines for the harmonization of financial statements. However, the organizations had believed that not all the guidelines were fully applicable. Consequently, it was important for the accounting principles that had been applied to be clearly explained in the notes to the accounts.

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79. The Board of Auditors pointed out that UNDP departed from generally accepted accounting principles in the recording of unliquidated obligations for equipment and subcontracts. That matter had been discussed with the agencies in the meetings of the Consultative Committee on Administrative Questions (CCAQ). That Committee believed that the nature and size of the operations of the United Nations system warranted the adoption of a separate approach in some aspects of accounting. It deemed that there were genuine reasons for recording expenditure on the basis of obligations, rather than on the basis of the "delivery" approach. The points of delivery for project equipment were dispersed world wide and it was frequently difficult to determine the date of actual delivery. The obligation approach was the more pragmatic procedure and most of the UNDP executing agencies applied it for the activities that were financed under their regular budgets. It should be emphasized that UNDP projects represented 40 per cent of technical assistance projects internationally. During the debate, several delegations had stressed the need to enhance harmonization in accounting practices. If the delivery principle applied only to UNDP-funded activities, such a change would not contribute to that aim. In 1976, an attempt had been made to apply the physical delivery principle in the case of UNDP. However, it had had to be abandoned, owing to the practical difficulties that the agencies had encountered.

80. UNDP shared the concern of the members of the Second Committee about possible abuse in the recording of unliquidated obligations, as it was essential for all resources to be properly managed and accounted for. UNDP had taken note of the conclusions of the Board of Auditors contained in paragraphs 60-67 of document A/44/5/Add.1, had drawn the attention of the financial managers in the agencies to them and had requested additional clarifications. Some replies had yet to be received.

81. At its seventy-first session, in September 1989, CCAQ had recognized the responsibility of the executing agencies for ensuring that procedures for the establishment and validation of obligations had been effective and had not led to abuse. In view of the importance of that matter and the widespread implications of any change in the recording of unliquidated obligations on the United Nations system as a whole, he suggested that that issue should be taken up as part of the discussions on the harmonization of accounting principles that would be held in consultation with the Panel of External Auditors.

82. It was a fact that the Board of Auditors had issued a qualified opinion, because government-executed programme expenditure had not been adequately supported by audited statements. The Governing Council had carefully reviewed the matter at its regular session in 1989 and, in its decision 89/61, had urged the Administrator to continue his efforts to obtain adequate audit coverage of funds that were disbursed by Governments in their capacity as executing agencies.

83. UNDP was continuing to make every effort to improve the process of accounting and auditing for government-executed programmes. Appropriate accounting control and reporting systems for such programme expenditure had been introduced as from 1 January 1989 and the training of project personnel in those systems was also being undertaken, with encouraging results.



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84. It was also true that only a low percentage of audited statements had been received for 1988. However, because of the numerous efforts that had been made in that regard, including the detailed audit guidelines which had already been circulated to field offices and Governments, and the field missions which had taken place or were planned, significant improvements could be expected for 1989. Nevertheless, all those efforts required the full co-operation of Governments, without which the reservations might still apply.

85. A number of delegations had raised issues regarding cash management. The investment policy of UNDP and its level of exposure to exchange-rate fluctuations had been approved by management and the Governing Council of UNDP in 1979, 1985 and 1986. Furthermore, the basis of UNDP's operation had been reviewed by the Ministries of Finance or central banks of some States members of the Governing Council and UNDP procedures had been ratified at the 1986 session. Those bodies had not suggested at any time that UNDP procedures were speculative.

86. As the representative of France had stressed, resources devoted to development activities were too scarce to be diverted for any other purpose. For that reason, the investment and cash management of UNDP had always been extremely conservative and had been based on long-term trends rather than short-term fluctuations in the international financial markets. He was pleased to acknowledge that the Chairman of the Advisory Committee and the representative of Canada clearly endorsed the Administration's policies on those matters.

87. Exchange losses were unavoidable in an organization such as UNDP, which operated world wide. UNDP received and disbursed virtually every national currency. With the aim of minimizing the risks inherent in exchange-rate fluctuations, every effort was made to match its needs in any currency with holdings in that currency. That technique could generate losses of a book nature. In addition to those holdings, UNDP's portfolio of currencies was kept in line with the long-term trends of the major currencies to which it had access.

88. Competitive bidding for foreign exchange or investment transactions formed an integral part of the policy and practice of UNDP and was only avoided in those situations when its use would result in losses to UNDP.

89. UNDP did not have any contractual arrangement with the banks with which it transacted business. Its relationship with any bank was based on the bank's competitiveness, competence and reliability. In fact, the external auditors had commented informally on the fact that UNDP was working with too many banks. That issue was currently being reviewed, but it had to be borne in mind that UNDP operated on a world-wide scale.

90. UNDP's investment policy was closely linked to events in the financial markets. However, its primary concern was to ensure the safety, convertibility and liquidity of its funds, and for that reason it constantly reviewed the basis of operation in that area. In any event and in the light of the comments of the auditors, UNDP would review and change some aspects of its existing policy to eliminate any ambiguity which might exist.

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91. In response to concern expressed by the representative of Canada over the liquidity position of UNDP, he noted that total unexpended general resources had increased in 1988 to \$1,002 million. It had to be stressed, however, that that amount included \$200 million for the operational reserve, \$25 million for the reserve for construction loans and \$196 million for unexpended resources of specific programmes administered by UNDP, such as cost sharing, the Special Measures Fund for Least Developed Countries and government cash counterpart contributions. The unexpended general resources of UNDP had amounted to \$581 million, which represented an increase of \$49 million from the end of 1987. As had been indicated to the Governing Council in June 1989, if authorized IPF levels were fully exhausted over the balance of the cycle, the balance of unexpended general resources at the end of 1991 would be nil. In that event, UNDP would need to receive substantially increased resources or to reduce disbursements in accordance with available resources. The Governing Council was to review that matter in February 1990, when the level of contributions for 1990 would be known and the impact of exchange-rate changes on UNDP resources in 1989 would have been determined.

92. The process of budgeting for multi-year projects aimed to identify, in a realistic and reliable manner, the timing, sequence and cost of delivery of a variety of project inputs. In the process, account had to be taken of the various measures required to synchronize external and internal inputs, the likely variations in the prices of specific inputs and the present and future conditions in the country.

93. Many projects were approved for an initial period of two to three years with the knowledge that an extension of the assistance might be required and would be formulated on the basis of the experience gained during the initial phase. In general, subsequent budget revisions or extensions should be seen in the light of that situation, rather than be interpreted as revisions required to accommodate project cost overruns or implementation delays. Project extensions did not necessarily signify unforeseen delays in implementation, but could be the result of a widening of the project's scope or of decisions by the Government, UNDP or the executing agency to defer certain activities to ensure that all prerequisites were fulfilled for the satisfactory completion of the project.

94. Many of the measures adopted by UNDP over the previous few years had been geared towards dealing with those aspects. For example, UNDP had recognized the flaws in project design and had introduced a new design, which had been in operation for a relatively short time and whose full benefits would not be felt for several years. The new design should lead to more realistic budgeting. Secondly, the necessity to upgrade the skills of UNDP staff had been recognized as a priority, to which end extensive training in the design, formulation, monitoring and evaluation of projects had been instituted and should also bear positive results. Thirdly, the resource management processes had been improved considerably and continuous training in that area should help establish a more realistic budgeting framework. It was planned to introduce a comprehensive programme and project management system ("Turbo PPMS") in the coming year, which would provide an

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important management tool for the assistance of staff at all levels in the day-to-day management of the Programme.

95. As the United States representative had noted, the Governing Council, in its decision 89/61, had requested the auditors to study current project budgeting procedures and the request had been sent to the Board of Auditors.

96. With respect to consultants, the overall guidelines were being reviewed. The Administrator had approved a post for a consultant manager and the Division of Personnel would undertake a full review of guidelines, evaluations, contracts, terms of reference, data base, etc. The auditors' report stated that UNDP had hired 762 consultants in 1988. They had been hired primarily by regional bureaux to undertake project formulation, monitoring and evaluation missions. Consultants were also recruited for country-programming exercises, mid-term reviews and mid-co-ordination purposes.

97. While the duration for a consultancy was already set at the time of recruitment, the terms of reference could not always be completely covered; as a result it was sometimes necessary to extend the duration of contracts. UNDP followed the general trend in the modern world of using flexible short-term staffing arrangements to keep abreast of advances in technology.

98. With regard to the observations by the delegations of Bangladesh and India, he noted that work was in progress to revise and update staff rotation guidelines, which would ensure greater interregional mobility and more movement from headquarters to field offices.

99. Turning to the relationship between the UNDP Division for Women in Development and the United Nations Development Fund for Women (UNIFEM), he remarked that, while both bodies shared a common objective, namely, to promote participation by women in development, their functions were distinct and complimentary. UNIFEM was a project financing and implementing facility, while the aim of the Division for Women in Development was to foster the creation of institutions and to ensure that UNDP continued to respond in its activities to the relevant policies relating to women in development.

100. With respect to the Division of Information, UNDP agreed that a greater degree of co-ordination of publication and video production should exist and, to that end, suggestions had been provided by a task force. Management was reviewing the scope and methods for achieving such co-ordination.

101. In response to the comments of the representative of Japan concerning the Junior Professional Officers (JPOs) programme, he said that, although some of its members had been recruited into the core staff, the JPO programme was not the sole source for junior-level personnel. The main objective of the programme was to provide training in development and many former JPOs held influential positions in their own countries. The 12 posts for inductional training had neither been endorsed by ACABQ nor approved by the Governing Council.

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102. He would be happy to answer any other questions raised by the representatives.
103. Mr. GUPTA (India) said that, notwithstanding the response of the UNDP Deputy Assistant Administrator, certain comments made by the Board of Auditors remained valid and should be considered by the UNDP Governing Council.
104. With respect to the use of consultants in UNDP, he said that the Deputy Assistant Administrator's response differed from the information in the report of the Board of Auditors. In its observations on the comments of the Board of Auditors, the UNDP Administration had said that consultants had been employed in order to meet work requirements during peak periods. In the Indian delegation's opinion, the response of the Deputy Assistant Administrator clarified the question and he hoped that the Board of Auditors would keep the matter under review.
105. Mr. BOUR (France) said that the UNDP Deputy Assistant Administrator's response was not completely satisfactory. Not only were the explanations very similar to those of the previous year, but UNDP did not appear to have taken substantial steps towards implementing the recommendations of the Board which, as a consequence, had to issue a qualified opinion year after year.
106. With respect to the international school set up in a certain country, the Board of Auditors had commented in its report that the establishment of the school had been in violation of various rules. The Administration's response was that the establishment of the school had been necessary in order to solve certain problems involving the execution of UNDP-supported programmes. He wished to know, first, the number of students attending the school, secondly, how many of them were children of international civil servants and, finally, whether the enrolment justified keeping the school open.
107. The CHAIRMAN said, in response to requests from delegations, that copies of the statements made during the meeting would be provided.
108. Mr. STAFFORD (Deputy Assistant Administrator, Bureau for Finance and Administration) said, in response to remarks made by the representative of India, that consultants were employed in accordance with the established rules; in any case, consultants were used neither as supernumeraries nor to do work which could be done by the regular staff.
109. With reference to the question raised by the representative of France concerning the establishment of an international school in Viet Nam, he said that any initiative of that kind was taken through the Governing Council. The school had been established in Viet Nam on the basis of information from the Resident Representative, according to whom certain countries did not have a pool of civil servants for lack of adequate educational institutions. At present the school had 25 students, of whom 5 were children of United Nations staff members. In order to balance receipts and expenditures, the school needed to enrol from 10 to 15 more students.

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110. He acknowledged that the establishment of an international school and the advance of \$75,000 granted for it fell somewhat outside UNDP's mandate. At the same time, without that school there would have been serious educational problems for the children of staff working in Viet Nam.

111. Mr. GOMEZ (Acting Under-Secretary-General for Administration and Management and Controller) said, with respect to the international school established in Viet Nam, that UNDP had kept the United Nations informed on the matter at all times. The United Nations International School in New York had been asked to co-operate with the new school so as to ensure a certain uniformity in the curricula for the benefit of the students of the United Nations community. That situation was not unique: UNDP had on many occasions been obliged to improvise and innovate. In fact, a similar situation existed in Afghanistan.

112. Mr. GUPTA (India) said that, even though the establishment of the international school had not been in strict compliance with financial rules, UNDP's action to support a school facing difficulties in an area with a great need for international personnel was commendable. Furthermore, the amount involved was small.

#### AGENDA ITEM 127: JOINT INSPECTION UNIT

113. Mr. KOULIK (Ukrainian Soviet Socialist Republic) said that in his introductory statement the Chairman of the Joint Inspection Unit had indicated that the Unit would present five reports in 1989. His delegation had had difficulties, however, in preparing its statement because it lacked nearly half of the promised documentation covering, specifically, the remarks of the Secretary-General concerning the final report on the implementation of General Assembly resolution 32/197 and those concerning the reorganization of the Department of Public Information. He asked the Secretariat when the missing documentation would be available.

114. The CHAIRMAN replied that the Secretariat would give all the relevant information at the next meeting. In accordance with the usual practice, the Joint Inspection Board reports on the budget were already available. Any delegation lacking the necessary documentation for its statement could always reserve the right to speak at a later date.

The meeting rose at 6 p.m.