

GENERAL  
ASSEMBLYASSEMBLEE  
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## FINANCIAL REGULATIONS OF THE UNITED NATIONS

## REPORT OF THE FIFTH COMMITTEE

Rapporteur: Mr. R. HICHENS BERGSTROM (Sweden)

1. In accordance with instructions given by the General Assembly at its ninety-first plenary meeting held on 23 September 1947, the Fifth Committee at its ninety-third and ninety-fourth meetings held on 8 and 10 November 1947, considered the report of the Advisory Committee on Administrative and Budgetary Questions on the financial regulations of the United Nations (documents A/C.5/203 and A/C.5/203/Corr.1). This report had been submitted under the provisions of resolution 80 (I) adopted by the General Assembly on 11 December 1946, and was accompanied by a revised text of the regulations.

2. At the beginning of the discussion, a question was raised regarding the permanency of the proposed new regulations and it was confirmed that the General Assembly might at any time modify the financial regulations. On the suggestion of the representative of the Ukrainian Soviet Socialist Republic, it was decided, in view of the fact that the organization of the financial services is to be reviewed, as indicated in the twelfth report of 1947 of the Advisory Committee (A/C.5/200), that the regulations should continue to be designated "provisional".

3. In the discussion of the proposed regulation 6, it was decided that the report to the General Assembly should invite attention to the resolution adopted by the Fifth Committee at its fifty-eighth meeting under which the Secretariat was directed to distribute as an annex to future budget estimates a list of the personnel indicating names, functions, nationality and grades of officials of the Secretariat by sections or services. It was further decided that the report should note the desire of the Fifth Committee to have distributed with the estimates a statement of actual expenditures for the current financial year for a period of from six to nine months preceding the date of distribution of the estimates.

It was also decided to add as sub-paragraph (e) of regulation 6, the following:

"(e) An information annex containing the budgets or proposed budgets of the specialized agencies, or such summaries thereof as the Secretary-General may deem appropriate and useful."

/This addition

This addition was made to give effect in the financial regulations to the resolution adopted by the Joint Second and Third and Fifth Committees on this matter (A/C.2&3/65, A/C.5/197). The Committee was informed, however, that it might not be possible to distribute such annexes simultaneously with the estimates.

4. The proposed changes in the regulations regarding the availability of appropriations at the close of the financial year were discussed, in particular, proposed regulations 11 (second paragraph), 13 and 14.

Information was sought as to whether the changes would hinder the completion of the motion picture programme, for which no credits had been voted in the 1948 budget, as under the existing regulations the amounts remaining in the 1947 appropriations would be available to complete the work at present in progress. Further, the effect of this change on contracts entered into in connection with the headquarters site programme was discussed. In this connection, the Committee was informed that by means of a supplementary appropriation, approval would be sought for the allocation in the financial year 1948 of an amount equal to the unused credits allotted to the motion picture programme in 1947. It was also stated that the headquarters site programme was a special project and that special measures could be taken in respect of that programme. It was further pointed out that the proposed changes in the regulations in the matter of appropriations had been made in accordance with recommendations of the Board of Auditors, which had been accepted by the Secretariat and approved by the Advisory Committee.

A proposal by the representative of the United States of America that these changes in the regulations should not be made at this time was defeated by twelve votes to four, with twenty-one abstentions.

5. In respect of sub-paragraph (a) of the proposed regulation 17, it was agreed to include in the Committee's report to the Assembly an explanation that the words "supplementary appropriations" in the phrase "supplementary appropriations for which contributions have not previously been assessed on the Members" were intended to include supplementary appropriations relating to the financial year preceding the year the estimates for which were being considered by the General Assembly; for example, supplementary appropriations for 1947 would be added to the appropriation for 1948 to be assessed to the members in 1948.

6. Regulation 20 providing, inter alia, that contributions "shall be assessed and paid in the currency of the State in which the United Nations has its headquarters" was discussed. The Committee was informed that the suggestion made by the representative of the Union of South Africa at the fifty-first meeting of the Fifth Committee to the effect that the Secretariat should study the possibility of collecting a portion of the contributions /in other currencies

Other currencies was being investigated by the Secretariat. It was agreed that the problem was a difficult one and that no change should be made in the regulation. However, at the hundredth meeting of the Committee, the representatives of Czechoslovakia and the Union of South Africa suggested certain alternatives by which some relief might be afforded to Members in meeting their difficulties in paying contributions in United States dollars (A/C.5/W.59/Add.1). At the hundred and second meeting, the Committee accepted, by thirty-five votes to seven, with one abstention, the suggestion of the rapporteur that the purpose of the amendments proposed by the representatives of Czechoslovakia and the Union of South Africa might be attained by including in the resolution an additional paragraph appearing as (ii) below.

Several delegations expressed the view that the provisions of the suggestion of the Rapporteur were not clearly defined and that any such plan would be complicated to administer. The Secretariat advised the Committee that the proposal might in fact afford little assistance and would present problems of administration, but that it was the desire of the Secretariat to do what it could within the authorizations granted by the General Assembly to assist in meeting the difficulties caused to many Members by the requirement to pay contributions in United States dollars.

4. In respect of the proposed regulation 32 establishing the required accounts, the representative of the Ukrainian Soviet Socialist Republic suggested that the portion dealing with the budget accounts should be considered by the Advisory Committee in connection with its general review of the organization of the financial services.

5. Regulation 34 regarding the appointment of the Board of Auditors was discussed. It was noted that this regulation incorporated in the financial regulations certain provisions of resolution 74 (I) relating to the appointment of external auditors, adopted by the General Assembly on 1 December 1946 at the second part of its first session. It was decided to delete the phrase "and of the International Court of Justice" in the opening paragraph of the regulation since the applicability of all financial regulations of the United Nations to the International Court was established in regulation 2.

6. A question was raised as to whether the consideration of the proposed regulation 38 should not be deferred until the Fifth Committee had dealt with the resolution covering the use of the Working Capital Fund. As it was considered that sub-paragraph (b) of regulation 38 as at present drafted would suffice to give effect to decisions taken by the General Assembly in respect of expenditures which could not be made from existing appropriations, it was decided to delete sub-paragraph (a) of that regulation.

10. Subject to the changes indicated above, the Committee adopted the report of the Advisory Committee and the revised text of the regulations.
11. The Fifth Committee recommends, therefore, that the General Assembly adopt the following resolution:

PROVISIONAL FINANCIAL REGULATIONS OF  
THE UNITED NATIONS

THE GENERAL ASSEMBLY RESOLVES

- (i) That the following Provisional Financial Regulations be adopted in place of those adopted by the General Assembly at the second part of its first session under resolution 80 (I);
- (ii) That, notwithstanding the terms of regulation 20 of the Provisional Financial Regulations, the Secretary-General be empowered to accept, at his discretion, and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the financial year 1948, in currencies other than United States dollars.

ANNEX

PROVISIONAL FINANCIAL REGULATIONS

SCOPE AND APPLICATION

Regulation 1

These regulations are established in accordance with the provisions of rule 37 of the provisional rules of procedure and shall be cited as the Provisional Financial Regulations. They shall become effective as from the date of their approval by the General Assembly.

Regulation 2

These regulations shall govern the financial administration of the United Nations, including the International Court of Justice.

Regulation 3

These regulations shall apply to the financial administration of the specialized agencies to the extent provided in agreements entered into between the specialized agencies and the United Nations.

THE FINANCIAL YEAR

Regulation 4

The financial year shall be the calendar year, 1 January to 31 December.

THE BUDGET

Regulation 5

The Secretary-General shall submit to the regular annual session of the General Assembly estimates for the following financial year. He may also submit such supplementary estimates as may be deemed necessary for the current financial year.

The estimates of the International Court of Justice shall be prepared by the Court, in consultation with the Secretary-General, and shall be submitted to the General Assembly by the Secretary-General, together with such observations as he may deem desirable.

Regulation 6

The estimates submitted to the General Assembly shall be divided into parts, sections and chapters, and shall be accompanied by:

- (a) A detailed statement of the estimated expenditure provided for under each chapter and each item of a chapter;
- (b) A statement of the estimated miscellaneous or other income under appropriate headings;
- (c) An explanatory statement with regard to the expenditures proposed in connection with any new activity or any extension of an existing activity;

/(d) A statement

(d) A statement of the estimated expenditure of the current financial year, and the expenditures of the last completed financial year.

(e) An information annex containing the budgets or proposed budgets of the specialized agencies, or such summaries thereof as the Secretary-General may deem appropriate and useful.

#### Regulation 7

The estimates shall be submitted to the Advisory Committee on Administrative and Budgetary Questions (hereinafter referred to as the "Advisory Committee") at least twelve weeks prior to the opening of the annual session of the General Assembly. They shall be examined by the Ad Committee, which shall prepare a report thereon. The estimates, together with the Committee's report, shall be transmitted to all Members at least five weeks prior to the opening of the regular annual session of the General Assembly.

#### Regulation 8

Supplementary estimates shall be submitted to the Advisory Committee for examination and report.

#### Regulation 9

The estimates and the reports of the Advisory Committee thereon shall be submitted to the General Assembly and referred to the Administrative and Budgetary Committee of the General Assembly for consideration and report to the Assembly.

#### Regulation 10

All appropriations shall require a two-thirds majority of the General Assembly in accordance with the provisions of Article 18, paragraph 2, of the Charter of the United Nations.

#### Regulation 11

The adoption of the budget shall constitute an authorization to the Secretary-General to incur obligations and make expenditures for the purposes for which appropriations have been voted and up to the amounts so voted.

The appropriations shall be available for obligations in respect of goods supplied and services rendered in the financial year to which the appropriations relate.

The Secretary-General shall make allotments in writing from the appropriations as voted by the General Assembly and under such further sub-headings as may appear appropriate and necessary, before obligations are incurred thereunder.

/TRANSFERS



## TRANSFERS WITHIN APPROPRIATIONS

### Regulation 12

Transfers by the Secretary-General within the total amount appropriated under the estimates may be made to the extent permitted by the terms of the budget resolution adopted by the General Assembly.

## AVAILABILITY OF APPROPRIATIONS AT THE CLOSE OF THE FINANCIAL YEAR

### Regulation 13

Appropriations shall remain available to the extent that they are required to meet the outstanding obligations as at 31 December represented by goods supplied and services rendered up to and including that date.

### Regulation 14

The balance of appropriations shall be surrendered in accordance with the provisions of regulation 17. Outstanding obligations not represented by goods supplied or services rendered up to and including 31 December shall be a charge to the appropriations of the succeeding year.

## PROVISION OF FUNDS

### Regulation 15

The appropriations, subject to the adjustments to be effected in accordance with the provisions of regulation 17, shall be financed by contributions from Members according to the scale of assessments determined by the General Assembly. Pending the receipt of such contributions, the appropriations may be financed from the Working Capital Fund.

### Regulation 16

The General Assembly shall determine the amount of the Working Capital Fund and any sub-divisions thereof.

### Regulation 17

In the assessment of the contributions of Members, there shall be adjustments to the amount of the appropriations approved by the General Assembly for the following financial year in respect of:

- (a) Supplementary appropriations for which contributions have not previously been assessed on the Members;
- (b) Estimated miscellaneous income for the financial year to which the appropriations relate;
- (c) Miscellaneous income of former years for which credit has not previously been taken into account, and deficiencies in estimated income which was previously taken into account;

/(d) Contributions

- (d) Contributions resulting from the admission of new Members under the provisions of regulation 19;
- (e) Any balance of the appropriations of the last completed financial year surrendered under regulation 14.

#### Regulation 18

After the General Assembly has adopted the budget and determined the amount of the Working Capital Fund and its sub-divisions, the Secretary-General shall:

- (a) Transmit all relevant documents to Members;
- (b) Inform Members of their commitments in respect of annual contributions and of advances to the Working Capital Fund;
- (c) Request them to remit their contributions and any advances to the Working Capital Fund.

#### Regulation 19

New Members shall be required to make a contribution for the year in which they are first admitted and an advance to the Working Capital Fund, at rates to be determined by the General Assembly.

#### Regulation 20

Annual contributions and advances to the Working Capital Fund shall be assessed and paid in the currency of the State in which the United Nations has its headquarters.

#### Regulation 21

Payments made by a Member shall be applied first as a credit to the Working Capital Fund and then to the contributions due in the order in which the Member was assessed.

#### Regulation 22

States which are not Members of the United Nations but which become parties to the Statute of the International Court of Justice shall contribute to the expenses of the Court in amounts as may be determined by the General Assembly. Such amounts shall be taken to account as miscellaneous income.

### CUSTODY OF FUNDS

#### Regulation 23

The Secretary-General shall designate the bank or banks in which the funds of the Organization shall be kept.

### INTERNAL CONTROL

#### Regulation 24

The Secretary-General shall:

- (a) Establish detailed financial rules and procedures in order to ensure effective financial administration and the exercise of economy

/(b) Cause



- (b) Cause an accurate record to be kept of all capital acquisitions and all supplies purchased and used;
- (c) Render to the Auditors with the accounts a statement as at 31 December of the financial year concerned, showing the supplies in hand and the assets and liabilities of the Organization together with a statement of losses of cash, stores and other assets written off under regulation 27;
- (d) Cause all payments to be made on the basis of supporting vouchers and other documents which ensure that the services or commodities have been received and that payment has not previously been made;
- (e) Designate the officials who may receive monies, incur obligations and make payments on behalf of the United Nations;
- (f) Maintain an internal financial control which shall provide for an effective current examination or review of financial transactions in order:

- (i) To ensure the regularity of the receipt, disposal and custody of all funds and other financial resources of the Organization;
- (ii) To ensure the conformity of all expenditures with the appropriations or other financial provision voted by the General Assembly;
- (iii) To obviate any uneconomic use of the resources of the Organization.

Regulation 25

No contract, agreement or undertaking of any nature, involving a charge against the United Nations exceeding \$100 (U.S.) shall be entered into, or have any force or effect, unless:

- (a) Credits are reserved in the accounts to discharge any obligation which may come in course of payment in the financial year under such contract, agreement or undertaking;
- (b) The charge is a proper one against the United Nations; and
- (c) Proof has been provided that the service is for the benefit of the United Nations and the cost thereof is fair and reasonable.

The Board of Auditors shall draw the attention of the General Assembly to any case where, in the opinion of the Board, any charge has been improperly made or was in any way irregular.

Regulation 26

The Secretary-General may make such ex gratia payments as he deems to necessary in the interests of the United Nations, provided that a statement of such payments shall be submitted to the General Assembly with the annual accounts.

Regulation 27

The Secretary-General may, after full investigation, authorize the write-off of losses of cash, stores and other assets, subject to the requirement of regulation 24 (c).

Regulation 28

Tenders for equipment, supplies and other requirements shall be invited by advertisement, except where the Secretary-General deems that, in the interest of the United Nations, a departure from the rule is desirable.

THE ACCOUNTS

Regulation 29

The accounts of the Organization shall be kept in the currency of the State in which the United Nations has its headquarters, provided however that the local accounts of branch offices may be maintained in the currency of the country in which they are situated.

Regulation 30

There shall be established one cash control record in which shall be recorded all cash receipts accruing to the benefit of the Organization. The cash control record shall be divided into such subsidiary receipts classifications as may be deemed necessary.

Regulation 31

Cash shall be deposited in one or more bank accounts as required; branch accounts, or special funds which involve a separation of cash assets, shall be established as charges to the cash control record under appropriate regulations as to objects, purposes and limitations of such accounts and of

Regulation 32

The accounts shall consist of:

(a) Budget accounts showing:

- (i) Original appropriations;
- (ii) Appropriations after modification by any transfers, carried in accordance with the provisions of regulation 12;
- (iii) Credits, if any, other than appropriations made available to the General Assembly;

/(iv) Allotments

- (iv) Allotments made;
  - (v) Obligations incurred;
  - (vi) Expenditures.
- (b) A cash account showing all cash receipts and actual disbursements made;
- (c) Separate accounts for the Working Capital Fund, its sub-funds, and any other fund which may be established;
- (d) Property records showing:
- (i) Capital acquisitions and disposals;
  - (ii) Equipment and supplies purchased, used and on hand;
- (e) Such records as will provide for a statement of assets and liabilities for each fund at 31 December of each financial year.

Regulation 33

The accounts shall be submitted by the Secretary-General to the Board of Auditors by 31 March following the end of the financial year.

APPOINTMENT OF EXTERNAL AUDITORS

Regulation 34

A board of three auditors, each of whom shall be the Auditor-General (or officer holding equivalent title) of a Member Government, shall be appointed by the General Assembly as External Auditors of the accounts of the United Nations and of such specialized agencies as shall have agreed thereto. The appointments shall be made in the following manner, and subject to the following provisions:

- (a) In 1947, and every year thereafter, the General Assembly at its regular session shall appoint an auditor to take office from 1 July of the following year and to serve for a period of three years;
- (b) The auditors in office shall constitute the Board of Auditors, which shall select its own Chairman and adopt its own rules of procedure.
- (c) The Board, subject to the budgetary provision made by the General Assembly for the cost of audit, and after consultation with the Advisory Committee on Administrative and Budgetary Questions relative to the scope of the audit, may conduct the audit, subject to the provisions of this regulation, in such manner as it thinks fit and may engage commercial public auditors of international repute;

/(d) If any

(d) If any member of the Board ceases to hold the national office described in the opening paragraph of this regulation, he shall be replaced by his successor in the national office described;

(e) The Board of Auditors shall submit its report, together with the certified accounts and such other statements as it thinks necessary, to the General Assembly to be available to the Advisory Committee on Administrative and Budgetary Questions not later than 1 June following the end of the financial year to which the accounts relate. The Advisory Committee shall forward to the General Assembly its comments, if any, on the audit report;

(f) The audit shall be carried out by the Board of Auditors subject to the requirements of the General Assembly as established by resolution thereof.

#### TRUST AND OTHER SPECIAL FUNDS

##### Regulation 35

Appropriate separate accounts shall be maintained for trust funds and other special funds for the purpose of accounting for unclaimed monies, monies received and held in suspense, and for projects where the transactions involve a cycle of operations. The purpose and limits of each trust or other special fund established shall be clearly defined by the appropriate authority.

#### INVESTMENTS

##### Regulation 36

The Secretary-General may make short-term investments of monies which are not needed for immediate requirements and shall inform the Advisory Committee periodically of the investments which he has made. Notwithstanding these provisions, the Secretary-General may make long-term investments on account of the Joint Staff Pension Scheme on the advice of the Investment Committee, established under the Provisional Regulations for the United Nations Joint Staff Pension Scheme, and in respect of the Library Endowment and other special funds.

##### Regulation 37

Income from investments of the Working Capital Fund shall be accounted for as miscellaneous income.

Income from investments of the Staff Provident Fund shall be credited to the Pension Fund.

#### COUNCIL RESOLUTIONS INVOLVING UNITED NATIONS EXPENDITURES

##### Regulation 38

No resolution involving expenditure from the United Nations funds shall be approved by a Council unless the Council has before it a report  
/from the

from the Secretary-General on the financial implications of the proposals and an estimate of the costs involved in the specific proposal.

Where, in the opinion of the Secretary-General, the proposed expenditure cannot be made from the existing appropriations, it shall not be incurred until the General Assembly has made the necessary appropriations unless the Secretary-General certifies that provision can be made under the conditions of the resolutions of the General Assembly relating to unforeseen and extraordinary expenses and the Working Capital Fund.

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