



Nineteenth session

FINANCIAL REPORTS AND ACCOUNTS AND REPORTS OF THE BOARD
OF AUDITORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1963:
UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE
REFUGEES IN THE NEAR EAST

Fourth report of the Advisory Committee on Administrative and Budgetary
Questions to the General Assembly at its nineteenth session

1. The Advisory Committee on Administrative and Budgetary Questions has examined the financial reports and accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the year ended 31 December 1963 and the related report of the Board of Auditors.^{1/}
2. The income and expenditure experience in 1963 may be summarized as follows:

<u>Income</u>	\$
Contributions pledged by Governments	34,444,063
Contributions received from non-governmental sources	771,383
Miscellaneous income	486,089
<u>Less:</u> Exchange adjustments	(5,478)
	35,696,057
Expenditure	36,207,078
Surplus of expenditure over income	<u>511,021</u>

^{1/} Official Records of the General Assembly, Nineteenth Session, Supplement
No. 6B (A/5806/Add.2).

3. The excess of expenditure over income (\$511,021) has been charged to the Working Capital of the Agency, the balance of which on 31 December 1963 amounted to \$20,573,857.
4. With regard to the observations of the Board of Auditors on ex gratia payments in paragraph 7 of its report, the Advisory Committee inquired further into the "pensionary benefits" amounting to \$6,675.07. It was informed that when UNRWA international staff entered the United Nations Joint Staff Pension Fund as associate participants on 1 January 1961, the Commissioner-General undertook to supplement any death or disability benefit payable by the Pension Fund to the extent that such benefit was less than the benefit that would have been payable had they become associate participants from their date of appointment. The Committee was given to understand that the Commissioner-General proposed to make any such payments on an ex gratia basis under UNRWA financial regulation 3.4, which states that: "The Commissioner-General may make such ex gratia payments as he deems to be necessary in the interests of the Agency". The Committee was informed that the Commissioner-General had requested the Secretary-General's authorization to give a statutory entitlement basis to the payments, but that it had not as yet been given. Unless and until the Secretary-General has approved the proposed change, any further payments should be shown and justified in the accounts as ex gratia payments.
5. The Advisory Committee trusts that the general comment of the Board of Auditors concerning compliance with articles 10.7 and 11.5 of the UNRWA financial regulations will be acted upon.
6. The Committee inquired into the losses mentioned in paragraph 8 of the report of the Board of Auditors. It was informed by the Chairman of the Board that the increase in the figure for losses (\$153,698 in 1963 as compared with \$107,523 in 1962) was in no way due to a relaxation of controls. The higher figure was attributable mainly to losses on a shipment of flour in circumstances which were not covered by marine insurance.