

UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/3978  
4 November 1958

ORIGINAL: ENGLISH

Thirteenth session  
Agenda item 42 (c)

FINANCIAL REPORTS AND ACCOUNTS, AND REPORTS OF THE BOARD  
OF AUDITORS: UNITED NATIONS RELIEF AND WORKS AGENCY FOR  
PALESTINE REFUGEES IN THE NEAR EAST FOR THE FINANCIAL  
PERIOD FROM 1 JULY 1956 TO 31 DECEMBER 1957

Seventeenth report of the Advisory Committee on Administrative  
and Budgetary Questions to the thirteenth session of the  
General Assembly

1. The Advisory Committee on Administrative and Budgetary Questions has examined the financial report and accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the eighteen months ended 31 December 1957 and the related report of the Board of Auditors (A/3836).<sup>1/</sup>
2. The statement of income and expenditure for the period under review (A/3836, statement II) shows the position to be as follows:

Income

Contributions from Governments	42,452,880
Contributions from others	<u>301,945</u>
Total contributions	42,754,825
Miscellaneous income	679,083
Add: Exchange adjustments	<u>91,844</u>
Total income	43,525,752

1/ Official Records of the General Assembly, Thirteenth Session,  
Supplement No. 6D.

<u>Expenditure</u>	\$	\$
Relief programme	37,746,432	
Rehabilitation programme	<u>14,299,200</u>	
Total expenditure		<u>52,045,632</u>
Excess of expenditure over income		8,519,880

3. The excess expenditure of \$8,519,880 was met out of the balance of resources at 30 June 1956 in the amount of \$27,426,089, after adding adjustments for prior years. The balance of financial resources available to the Agency at 31 December 1957 therefore stood at \$18,906,209.

4. The Advisory Committee has inquired into a number of administrative and financial matters including the question of ex gratia payments to which the Board of Auditors has referred in paragraph 8 of its report. There appears to exist a divergence in the definition of ex gratia payments applied by the United Nations, on the one hand, and UNRWA on the other. The Advisory Committee understands that the question of a uniform definition of this type of expenditure will be studied shortly on an inter-agency basis.

5. The Advisory Committee recalls that, in its twenty-sixth report to the eleventh session of the General Assembly (A/3431, paras. 5 and 6),<sup>2/</sup> it had made certain recommendations in regard to the Agency's practice in respect of travel on home leave and on repatriation. The Board of Auditors had questioned the procedure whereby cash payments equivalent to standard transportation costs (and related allowances) were made to staff on production of satisfactory evidence that the staff member had spent at least two weeks in the country of entitlement or had reached the point of repatriation. It appeared that until 1954 the Agency had followed the United Nations practice, which provides that travel arrangements shall be made by, or on behalf of, the Organization, and not by the staff member himself. The change in UNRWA's practice was intended, inter alia to achieve savings in administrative and clerical costs. The Advisory Committee understands that the Agency continues to believe that, having regard to the small number of its internationally-recruited staff, the introduction of the more orthodox procedures followed in the United Nations would entail additional administrative expense.

<sup>2/</sup> Ibid., Eleventh Session, Annexes, agenda item 41 (c).

6. Since 1951, the Agency has maintained two separate funds, one for the relief programme and the other for rehabilitation activities. It would appear that, with the passage of time, the emphasis attaching to each of the two principal tasks of the Agency has changed substantially, as reflected in the changed pattern of voluntary contributions to the two funds in question. The maintenance of two separate funds seems also to have resulted in somewhat complex accounting arrangements and has entailed a rather artificial division of the total administrative overhead as between the two funds. The Advisory Committee discussed this question with the Acting Director of the Agency, and the Committee believes that there might be advantage in a study by the Director of the Agency and by the Agency's Advisory Commission of the implications of replacing the two separate funds by a single over-all fund.

-----