



Eighteenth session
Agenda item 56

FINANCIAL REPORTS AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 1962, AND REPORTS OF THE BOARD OF AUDITORS

- (a) United Nations;
- (b) United Nations Children's Fund;
- (c) United Nations Relief and Works Agency for Palestine Refugees in the Near East;
- (d) Voluntary funds administered by the United Nations High Commissioner for Refugees

Report of the Fifth Committee

Rapporteur: Mr. Raouf BOUDJAKDJI (Algeria)

1. At its 1018th meeting, held on 14 October 1963, the Fifth Committee considered the financial reports and accounts for the year ended 31 December 1962 and the reports of the Board of Auditors for the United Nations (A/5506), the United Nations Children's Fund (UNICEF) (A/5506/Add.1), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (A/5506/Add.2) and the voluntary funds administered by the United Nations High Commissioner for Refugees (A/5506/Add.3).

2. The Committee also had before it reports of the Advisory Committee on Administrative and Budgetary Questions (A/5434, A/5435, A/5436, A/5437) submitting comments and recommendations on matters referred to in the accounts and the audit reports. The Chairman of the Board of Auditors and representatives of UNICEF, UNRWA and the High Commissioner for Refugees were present during the Committee's discussion.

United Nations accounts

3. Two delegations voiced their concern over the situation that had arisen in connexion with the unassessed expenses of the United Nations Emergency Force (UNEF) and the United Nations Operation in the Congo (ONUC). Document A/5506 (Audit report, paras. 12 and 13; statements XII and XIII) showed that, on 31 December 1962, the total arrears of contributions in respect of those two operations exceeded \$103 million, while the unassessed expenses (for the second half of 1962) exceeded \$69 million. In those circumstances, the Secretary-General had been compelled, by the end of 1962, to utilize almost \$60 million from the United Nations bond account for the financing of those operations. Thus, so long as the expenses remained unassessed, the amortization of the bonds would have to be met by contributions payable by all Member States according to the regular scale of assessment. That would run counter to the principles previously applied for the assessment of peace-keeping costs, since the economically less developed countries would be paying indirectly (through the regular budget) \$25.2 million towards the UNEF and ONUC costs incurred during the twelve months from 1 July 1962 to 30 June 1962, and for which there had been no assessment of contributions, as compared with an aggregate assessment of no more than \$5,040,000 under a formula similar to those authorized in General Assembly resolutions relating to the ONUC costs. Accordingly, thought should be given to the eventual apportionment of the unassessed expenses; it might be well to ask the Working Group on the Examination of the Administrative and Budgetary Procedures of the United Nations to suggest a solution of the problem. These two delegations stated that the foregoing considerations qualified their approval of the draft resolution on the United Nations accounts proposed to the Committee.

4. The representative of the Secretary-General addressed himself to further points in the audit report which had been raised by a member of the Committee, to the effect that the symptoms of a certain slackening in administrative discipline "showed a tendency to increase, notably in the field"; that "in view of the rapid and great expansion of financial activities in various directions (Special Fund, EPTA, ONUC) the need for increasing numbers of capable administrative and finance officers becomes more and more urgent"; and that "the Board feels strongly that

adequate steps to improve this situation should be taken as soon as possible" (A/5506, Audit report, para. 14). It would be illusory, the Secretary-General's representative suggested, to expect that where emergency and complex operations such as UNEF and ONUC had to be hastily improvised, the same meticulous standards of financial administration and accounting could obtain as at the Headquarters of the United Nations and other established offices. At the same time, the valid and constructive criticism of the Board of Auditors and the remedial action which it had recommended separately to the Advisory Committee (A/5434, paras. 7 and 8) were receiving the close attention of the Secretary-General. Although an expansion of the training programme on the scale recommended by the Board was perhaps too ambitious, some modest increase - the addition of, say, three to five trainees in the fields of administration and finance - might prove possible. As regards the recruitment of qualified finance officers, the question was linked to the order of priorities. Should the General Assembly wish to accord a high priority, provision could doubtless be made, in view of the number of vacant posts, within the consolidated manning-table for 1964. For 1965, however, additional funds would certainly be needed for the posts in question.

5. One representative stated that if the draft resolution relating to the financial reports and accounts of the United Nations for 1962 was voted upon his delegation would be compelled to abstain, since it had opposed the 1962 budget as containing several items that were unacceptable to it.

UNICEF accounts

6. Reference was made in the Committee to the gratifying results which the UNICEF accounts disclosed. The fact that the income of the Fund had risen from \$15 million in 1954 to almost \$30 million in 1962 and the progressive increase in the number of contributing Governments attested to the effectiveness of the public health programmes which UNICEF organized in co-operation with Governments. It was also gratifying that the improved procedures described in paragraphs 9 and 10 of the financial report (A/5506/Add.1) had resulted in a more rapid expansion of activities through the prompt utilization of available resources.

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7. The Committee wishes to record its appreciation of the valuable services which the Board of Auditors has rendered to the United Nations during the past twelve months.

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Recommendations of the Fifth Committee

8. The Fifth Committee decided to recommend to the General Assembly the adoption of the following draft resolutions:

DRAFT RESOLUTION I

United Nations: financial report and accounts for the financial year ended 31 December 1962 and report of the Board of Auditors

The General Assembly

1. Accepts the financial report and accounts of the United Nations for the financial year ended 31 December 1962 and the certificates of the Board of Auditors;^{1/}
2. Concurs in the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its first report to the General Assembly at its eighteenth session.^{2/}

DRAFT RESOLUTION II

United Nations Children's Fund: financial report and accounts for the financial year ended 31 December 1962 and report of the Board of Auditors

The General Assembly

1. Accepts the financial report and accounts of the United Nations Children's Fund for the financial year ended 31 December 1962 and the certificates of the Board of Auditors;^{3/}
2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its second report to the General Assembly at its eighteenth session.^{4/}

^{1/} Official Records of the General Assembly, Eighteenth Session, Supplement No. 6 (A/5506).

^{2/} A/5434.

^{3/} Official Records of the General Assembly, Eighteenth Session, Supplement No. 6A (A/5506/Add.1).

^{4/} A/5435.

DRAFT RESOLUTION III

United Nations Relief and Works Agency for Palestine Refugees
in the Near East: accounts for the financial year ended
31 December 1962 and report of the Board of Auditors

The General Assembly

1. Accepts the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the financial year ended 31 December 1962 and the certificates of the Board of Auditors;^{5/}
2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its third report to the General Assembly at its eighteenth session.^{6/}

DRAFT RESOLUTION IV

Voluntary funds administered by the United Nations High Commissioner
for Refugees: accounts for the financial year ended 31 December 1962
and report of the Board of Auditors

The General Assembly

1. Accepts the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the financial year ended 31 December 1962 and the certificates of the Board of Auditors;^{7/}
2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its fourth report to the General Assembly at its eighteenth session.^{8/}

^{5/} Official Records of the General Assembly, Eighteenth Session,
Supplement No. 6B (A/5506/Add.2).

^{6/} A/5436

^{7/} Official Records of the General Assembly, Eighteenth Session,
Supplement No. 6C (A/5506/Add.3).

^{8/} A/5437.