



Twenty-first session  
Agenda item 72

FINANCIAL REPORTS AND ACCOUNTS FOR THE FINANCIAL  
YEAR ENDED 31 DECEMBER 1965 AND REPORTS OF THE  
BOARD OF AUDITORS

Report of the Fifth Committee

Rapporteur: Mr. David SILVEIRA DA MOTA (Brazil)

1. At its 1121st meeting, held on 3 October 1966, the Fifth Committee considered the financial reports and accounts for the year ended 31 December 1965 and the reports of the Board of Auditors for: the United Nations (A/6306 and Corr.1), the United Nations Children's Fund (UNICEF) (A/6306/Add.1), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (A/6306/Add.2 and Corr.1) and the voluntary funds administered by the United Nations High Commissioner for Refugees (UNHCR) (A/6306/Add.3).
2. The related reports of the Advisory Committee on Administrative and Budgetary Questions (A/6376, A/6377, A/6378 and A/6379) were also before the Committee. A representative of the Acting Chairman of the Board of Auditors, the Executive Director of UNICEF, and a representative of UNHCR were present during the Committee's discussions.
3. Some representatives expressed reservations concerning certain items in the United Nations accounts. These included reservations regarding the assessments for the interest and amortization of the United Nations bond issue. Such payments, it was argued, should not be according to the scale of assessments for the regular budget but in accordance with the principles contained in General Assembly resolution 1874 (S-IV) of 27 June 1963, or an ad hoc arrangement providing for an

equitable sharing of the costs. One representative also expressed reservations regarding the Special Accounts for the United Nations Emergency Force and the United Nations Operation in the Congo, for reasons which he would explain in the discussion on the report of the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies (Committee of Fourteen). Another representative maintained reservations previously expressed in the Committee of Fourteen regarding the statements of surplus accounts.

4. One representative recalled that his delegation had objected to certain of the 1965 appropriations, including those for the repayment of the United Nations bond issue, the Memorial Cemetery in Korea and the Commission for the Unification and Rehabilitation of Korea, as being contrary to the Charter; his delegation maintained the same objections to such items in the accounts of the United Nations.

5. With regard to the bond issue, one delegation emphasized that the bonds had been approved, issued and sold on the understanding that payment of interest and amortization would be in accordance with the scale of assessments for the regular budget.

6. Referring to the statement of the Board of Auditors (A/6306, pp. 14 and 15, paras. 11 and 15 (ii)) that in certain cases the Staff Regulations regarding representation allowances had not been complied with, representatives said that it was important that the Staff Regulations should be strictly applied. It was suggested that the Secretary-General might wish to propose an amendment to the Regulations to meet changed circumstances.

7. One representative, referring to the statement by the Board of Auditors that the accounts did not give a true picture of the financial situation of the United Nations Peace-Keeping Force in Cyprus, considered that a statement might be made of the full amount of obligations which should be payable if sufficient financial resources were made available to the Force. The representative of the Secretary-General, while pointing out that the Secretary-General considered he was bound to limit allotments and to adjust obligations to amounts within the total pledges, nevertheless agreed that such a statement might be made, for example, as a foot-note to the relevant schedules.

8. The Executive Director of UNICEF commented on three points raised by the Advisory Committee on Administrative and Budgetary Questions in its report (A/6377, paras. 5, 6 and 7) on the UNICEF accounts: the quality of DDT used by UNICEF in its malaria eradication programme, the need for an effective internal audit section, and the organization of the UNICEF Greeting Card Fund. He outlined the measures which had been taken in co-operation with WHO to improve the quality of the DDT used; UNICEF's Executive Board at its May 1966 session had considered the action taken satisfactory and complaints from the field had practically ceased. The internal audit staff was being brought up to its increased strength during 1966 and certain recommended organizational changes were being made. Though there were certain difficulties in having the internal audit undertaken by the Internal Audit Service of the United Nations Secretariat, consideration was being given to this idea. The staff of the UNICEF Greeting Card operation was being increased and procedures were being reorganized; the Administrative Management Service of the United Nations would make a detailed study of the operation next year.
9. A representative, while paying tribute to the work of UNICEF, asked that it bear in mind in any expansion of staff the principle of equitable geographical distribution.
10. One representative, referring to the UNRWA accounts, expressed concern at the sizable losses incurred during the year; an organization depending on voluntary support could not afford such losses and it was hoped the situation would be improved next year.
11. The Committee wishes to place on record once again its appreciation of the services rendered to the United Nations by the Board of Auditors.

#### RECOMMENDATIONS OF THE FIFTH COMMITTEE

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

FINANCIAL REPORTS AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 1965 AND REPORTS OF THE BOARD OF AUDITORS

A

United Nations

The General Assembly

1. Accepts the financial report and accounts of the United Nations for the financial year ended 31 December 1965 and the certificates of the Board of Auditors (A/6306 and Corr.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 twenty-first session (A/6376).

B

United Nations Children's Fund

The General Assembly

1. Accepts the financial report and accounts of the United Nations Children's Fund for the financial year ended 31 December 1965 and the certificates of the Board of Auditors (A/6306/Add.1);
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 twenty-first session (A/6377).

C

United Nations Relief and Works Agency for Palestine  
Refugees in the Near East

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 1965 and the certificates of the Board of Auditors (A/6306/Add.2 and Corr.1);
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 twenty-first session (A/6378).