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FINANCIAL REPORTS AND ACCOUNTS FOR THE YEAR 1973 AND REPORTS OF THE BOARD OF AUDITORS

Report of the Fifth Committee (Part I)

Rapporteur: Mr. Mahmoud OSMAN (Egypt)

1. At its 1637th and 1638th meetings, held on 2 and 3 October 1974, respectively, the Fifth Committee considered the financial reports and accounts for the year ended 31 December 1973 and the reports of the Board of Auditors concerning the United Nations (including the International Trade Centre), 1/ the United Nations Development Programme (UNDP), 2/ the United Nations Children's Fund (UNICEF), 3/ the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), 4/ the United Nations Institute for Training and Research (UNITAR), 5/ the voluntary funds administered by the United Nations High Commissioner for Refugees 6/ and the Fund of the United Nations Environment Programme (UNEP). 7/

2. The related report of the Advisory Committee on Administrative and Budgetary Questions (A/9763 and Corr.1), covering the seven sets of financial reports and accounts, and the report of the Secretary-General on the budget performance of the United Nations for the financial year 1973 (A/9668 and Corr.1) were also before the Committee.

1/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7 (A/9607), vols. I and II.

2/ Ibid., Supplement No. 7A (A/9607/Add.1).

3/ Ibid., Supplement No. 7B (A/9607/Add.2).

4/ Ibid., Supplement No. 7C (A/9607/Add.3).

5/ Ibid., Supplement No. 7D (A/9607/Add.4).

6/ Ibid., Supplement No. 7E (A/9607/Add.5).

7/ Ibid., Supplement No. 7F (A/9607/Add.6).

3. The representative of the Chairman of the Board of Auditors presented the reports of the Board in an oral statement before the Fifth Committee at its 1637th meeting. Referring to the recent adoption by the Board of the practice of submitting the same reports both to the General Assembly and to the Secretary-General, he stated that the Board was now satisfied that it had achieved the right balance between informativeness and brevity in its reports in respect of 1973. The representative of the Board expressed its concern over the precarious liquidity situation of the Organization, which had worsened, together with the international economic situation and the rapid increase in the rate of inflation during 1973. In this connexion, he called attention, inter alia, to the virtually depleted Working Capital Fund and stated that, in the opinion of the Board, the Fund could not operate adequately unless its principal were restored and substantially increased. He reiterated the Board's recommendation that the advances made from the Working Capital Fund to the General Fund to finance budgetary expenditures should be repaid as promptly as possible so that the amount of \$40 million authorized by the General Assembly would be restored.

4. The Chairman of the Advisory Committee on Administrative and Budgetary Questions introduced the Committee's report (A/9763 and Corr.1) at the same meeting. Referring to the comments of the Committee, which were of a general nature, he stated that, in the view of the Advisory Committee, the Board of Auditors had indeed achieved in its reports the right balance between informativeness and brevity which it had sought. The Chairman also referred, inter alia, to paragraph 3 of the Advisory Committee's report, in which the Committee commented on the late submission of accounts to the Board by several of the agencies, and expressed the hope that steps were being taken to improve that situation.

5. Also at the 1637th meeting, the representative of the Secretary-General addressed himself to certain observations made by the Advisory Committee in its report and replied to a number of queries raised by delegations during the general discussion with respect to the accounts of the United Nations.

6. The accounts of UNDP, UNICEF, UNRWA, UNITAR, the voluntary funds administered by the United Nations High Commissioner for Refugees and the Fund of the United Nations Environment Programme were introduced by representatives of those agencies at the 1637th and 1638th meetings.

7. The comments made and queries raised by delegations in the course of the discussion on the different reports, as well as the responses of agency representatives, are contained in the summary records of those meetings.

8. Referring to the accounts of the United Nations, some delegations stated their objection in principle to the inclusion in the regular budget of the United Nations of expenditure related to the financing of the repayment of amortization and interest charges on the United Nations bonds, to the maintenance of the United Nations Commission for the Unification and Rehabilitation of Korea and to the United Nations Memorial Cemetery in Korea. These delegations considered the inclusion of such expenditure items in the budget to be in contravention of the Charter of the

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United Nations. In addition, two of these delegations reiterated their objection to the inclusion in the budget of expenditures incurred by the Office of the United Nations High Commissioner for Refugees in Macao, New Delhi and Katmandu, and stated they would not participate in the vote on all of the above-mentioned items. One delegation reiterated its objection to the inclusion of provision for technical assistance expenditure in the regular budget, since it believed that such expenditure should be met entirely from voluntary contributions to UNDP.

9. Another delegation reiterated its long-standing position of principle regarding the method of financing the amortization and interest charges in respect of the United Nations bond issue. This delegation believed that, since the proceeds of the sale of the bonds were used to finance peace-keeping operations in the Congo (ONUC) and the Middle East (UNEP), such expenditure should be apportioned by means of a special scale of assessment, taking into account the interests of developing countries, rather than by means of the scale of assessment established for the regular budget.

RECOMMENDATIONS OF THE FIFTH COMMITTEE

10. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolutions:

Financial reports and accounts for the year 1973 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 year ended 31 December 1973 and the audit opinion of the Board of Auditors; 8/
2. Concurs with the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report; 9/
3. Requests the Secretary-General to take such remedial action as may be required by the comments of the Board of Auditors.

8/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7 (A/9607), vols. I and II.

9/ A/9763 and Corr.1, paras. 4-12.

B

United Nations Development Programme

The General Assembly

1. Accepts the financial report and accounts of the United Nations Development Programme for the year ended 31 December 1973 and the audit opinion of the Board of Auditors; 10
2. Concurs with the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report; 11/
3. Requests the Administrator of the United Nations Development Programme to take such remedial action as may be required by the comments of the Board of Auditors.

C

United Nations Children's Fund

The General Assembly

1. Accepts the financial report and accounts of the United Nations Children's Fund for the year 1973 and the audit opinion of the Board of Auditors; 12/
2. Concurs with the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report; 13/
3. Requests the Executive Director of the United Nations Children's Fund to take such remedial action as may be required by the comments of the Board of Auditors.

10/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7A (A/9607/Add.1).

11/ A/9763, paras. 13-16.

12/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7B (A/9607/Add.2).

13/ A/9763, paras. 17-21.

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D

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 year ended 31 December 1973 and the audit opinion of the Board of Auditors; 14/
2. Takes note of the report of the Advisory Committee on Administrative and Budgetary Questions; 15/
3. Requests the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East to take such remedial action as may be required by the comments of the Board of Auditors.

E

United Nations Institute for Training and Research

The General Assembly

1. Accepts the financial report and accounts of the United Nations Institute for Training and Research for the year ended 31 December 1973 and the audit opinion of the Board of Auditors; 16/
2. Concurs with the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report; 17/
3. Requests the Executive Director of the United Nations Institute for Training and Research to take such remedial action as may be required by the comments of the Board of Auditors.

14/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7C (A/9607/Add.3).

15/ A/9763 and Corr.1, para. 22.

16/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7D (A/9607/Add.4).

17/ A/9763 and Corr.1, paras. 23-25.

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F

Voluntary Funds Administered by the United Nations
High Commissioner for Refugees

The General Assembly

1. Accepts the accounts of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 1973 and the audit opinion of the Board of Auditors; 18/
2. Takes note of the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report; 19/
3. Requests the United Nations High Commissioner for Refugees to take such remedial action as may be required by the comments of the Board of Auditors.

G

Fund of the United Nations Environment Programme

The General Assembly

1. Accepts the financial report and accounts of the Fund of the United Nations Environment Programme for the year ended 31 December 1973 and the audit opinion of the Board of Auditors; 20/
 2. Concurs with the observations of the Advisory Committee on Administrative and Budgetary Questions as set forth in its report; 21/
 3. Requests the Executive Director of the United Nations Environment Programme to take such remedial action as may be required by the comments of the Board of Auditors.
11. The Fifth Committee also recommends that the General Assembly should take note of the report of the Secretary-General on the budget performance of the United Nations for the financial year 1973. 22/

18/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7E (A/9607/Add.5).

19/ A/9763 and Corr.1, paras. 26 and 27.

20/ Official Records of the General Assembly, Twenty-ninth Session, Supplement No. 7F (A/9607/Add.6).

21/ A/9763 and Corr.1, paras. 28-30:

22/ A/9668 and Corr.1.